

We

Can Should Will

Foster a harmonious coexistence



We Can Should Will

Foster a harmonious coexistence

In our pursuit of excellence, there are moments that define our journey. As we come to the end of yet another successful financial year, we embraced these moments with unwavering resolve, united in our commitment to drive positive change and impact the lives of many in the varied spheres of our industry. Guided by our strong sustainability framework, we therefore adopted 3 imperatives that would guide our strategy of fostering a delicate balance between ourselves and the world around us.

We Can: Together, we possessed the collective strength, expertise, and ingenuity to overcome challenges and seize opportunities, which was empowered by our shared vision and values.

We Should: We remained focused on our commitment to uphold the highest standards of corporate governance, and to prioritize the well-being of our stakeholders. We seized this opportunity to lead by example, demonstrating our unwavering commitment to ESG principles and ethical business practices.

We Will: Driven by purpose and guided by our promise to shareholders, employees, and communities, we forged ahead with determination and resilience with a steadfast focus on long-term value creation.

By tapping into the power of "we can, we should, we will"

a mantra that inspires action, fosters collaboration, and empowers the lives and surroundings of many within our locus of attention, we are confident of fostering a harmonious co-existence that extends into the future.



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We Can
Should
Will

Foster a harmonious coexistence

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Governance and Risk

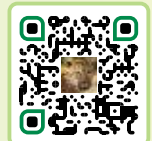
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Sri Lankan Leopard

The identification name of the male leopard in the image recorded on January 2022: "QT"

140



SCAN ME!

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SDG Full Report



SCAN ME!

About the Report

Welcome to Our

10th

Integrated Annual Report



www.kvpl.com



Regulations, Standards and Principles

Narrative Reporting

- International Framework of the IIRC.

Governance, Risk Management and Operations

- Laws and regulations of the Companies Act No. 7 of 2007.
- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date.
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars.
- Code of Best Practice on Corporate Governance (2013) jointly advocated by SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Code of Best Practice on Corporate Governance (2023) issued by CA Sri Lanka.
- Code of Best Practices on Related Party Transactions (2013) advocated by SEC.

Financial Reporting

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

Sustainability Reporting

- This report has been prepared in accordance with the Global Reporting Initiative (GRI).
- Aligned to United Nations Sustainable Development Goals.
- Operations in conformity with the Principles of the United Nations Global Compact.

- Environmental, Social and Governance (ESG) disclosures through the framework and operations in conformity with the Principles of the United Nations Global Compact.
- Climate first reporting aligning with IFRS S2 standard.

Over View to this report

GRI 2-3

Kelani Valley Plantations PLC presents its 10th Integrated Annual Report in accordance with the International Framework of the International Integrated Reporting Council (IIRC). It presents the economic, social and environmental performance of the entire Group including its subsidiaries for the financial year beginning 1 April 2023 and ending 31 March 2024.

It is also the 10th year of reporting in accordance with Global Reporting Initiatives (GRI) Standards which reflects our commitment to sustainability Reporting guidelines.

Reporting Principles

The Contents included in this Report are deemed useful and relevant to our stakeholders with due regard to their expectations which have been identified through continuous engagement. The information presented aims to provide the Group's stakeholders with a comprehensive understanding of the financial, social and environmental impacts of the Group's operations and business activities in order to facilitate their evaluation of the Group's ability to create sustained value.

All information, which have been obtained from a range of source within the Group, have been verified for their completeness, balance, comparability, accuracy, reliability timeliness and clarity in accordance with Group's disclosure policies.

GRI 2-4

GHG Emission Data has been re-stated as the scope is expanded and the calculation method is changed and we have identified new material topics and reported accordingly.

Forward Looking Statements

This Annual Report contains certain forward-looking statements which relate to the future performance and results of the operations of the Group. These statements by their nature involve risk and uncertainty as they relate to the future and depend on circumstances which may occur in the future and which may be beyond the control of the Group. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national socio- economic conditions, changes in industry environment, natural environmental conditions, interest rates, credit and the associated risk of lending, merchandise clearance rates, inventory levels, and competitive and regulatory factors. As such, the Company does not undertake to review or revise such forward looking statements.

Assurance

GRI 2-5

The Group uses a combination of internal controls, management assurance, compliance and internal audit reviews to ensure the accuracy of reporting.

In addition to the above, Independent assurance report on EESG performance and GRI Standard, and opinion on the financial statements are provided by external Auditors, Messrs. Ernest & Young, Chartered Accountants, Colombo as set out on pages 274 to 275 and 203 to 205 respectively.

Contact Point

GRI 2-3

KVPL welcomes any questions, clarifications and feedback on this report. Please contact postmaster@kvpl.com

Directors' Statement of Responsibility for this report

The Board believes that this Integrated Annual Report has been prepared in accordance with best practices and appropriately addresses material aspects of KVPL's business and is a fair representation of the integrated performance of the Company.

The Board unanimously approved the 2023/24 Integrated Annual Report 10 May 2024, for release to the shareholders.



A. M. Pandithage
Chairman

Date: 10 May 2024



Roshan Rajadurai PhD, D.Sc.
Managing Director

Navigation Icons

Capital Icons



Financial Capital



Manufactured Capital



Human Capital



Social & Relationship Capital



Intellectual Capital



Natural Capital

Stakeholders



Employees



Regulators



Suppliers



Community



Government



Strategic Partners



Shareholders



Customers

EESG



Economics



Environment



Social



Governance

IUCN Red List Threat Category Colour Code

Global Conservation Status

- Least Concern (LC)
- Near threatened (NT)
- Vulnerable (VU)
- Endangered (EN)
- Critically Endangered (CR)

National Conservation Status

- Least Concern (LC)
- Near threatened (NT)
- Vulnerable (VU)
- Endangered (EN)
- Critically Endangered (CR)

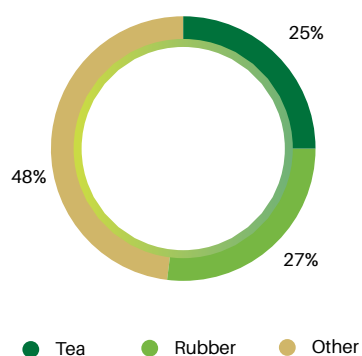
Species Status and Distribution

- Endemic
- Native
- Migrant

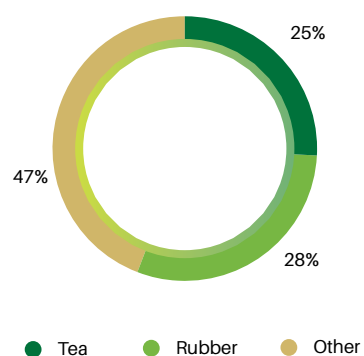
Our Spread

Estate	Planting District	Extent (Ha)				No. of Factories	Elevation (ft)	Crop	
		Tea	Rubber	Other	Total			Kgs'000	Kgs'000
								Tea	Rubber
Pedro	N'Eliya	515	-	153	668	1	6,237	555	-
Nuwaraeliya	N'Eliya	178	-	114	292	1	5,999	249	
Glassaugh	N'Eliya	160	-	68	228	1	5,074	280	-
Uda Radella	N'Eliya	157	-	71	228	1	5,328	200	-
Edinburgh	N'Eliya	132	-	47	179	1	5,075	157	-
Oliphant	N'Eliya	193	-	171	364	1	6,440	173	-
Ingestre	N'Eliya	506	-	324	830	1	4,723	591	-
Fordyce	N'Eliya	226	-	177	403	1	4,599	250	-
Annfield	N'Eliya	213	-	161	375	1	4,297	322	-
Tillyrie	N'Eliya	162	-	172	334	1	4,264	233	-
Invery	N'Eliya	124	-	182	306	1	4,310	190	-
Robgill	N'Eliya	172	-	128	300	1	4,500	253	-
Battalgalla	N'Eliya	141	-	120	261	1	4,300	167	-
Halgolla	Kegalle	222	-	975	1,196	1	3,478	110	-
Ederapolla	Kegalle	10	391	266	667	1	338	7	289
Kitulgala	Kegalle	37	-	545	582	-	1,003	29	-
Kalupahana	Kegalle	54	158	301	512	-	1,500	30	135
Kelani	Kegalle	27	174	148	349	1	300	31	121
Dewalakanda	Kegalle	-	416	301	717	2	502	-	244
Panawatte	Kegalle	6	638	370	1,014	1	1,000	3	384
Urumiwella	Kegalle	3	330	377	710	1	800	5	170
Kiriporuwa	Kegalle	23	342	221	587	2	805	15	164
Lavant	Kegalle	-	283	286	569	1	800	-	180
Ganapalla	Kegalle	-	252	238	490	-	1,000	-	115
We Oya / Polatagama	Kegalle	22	526	418	967	-	1,000	8	266
Total		3,283	3,510	6,335	13,128	23		3,859	2,070

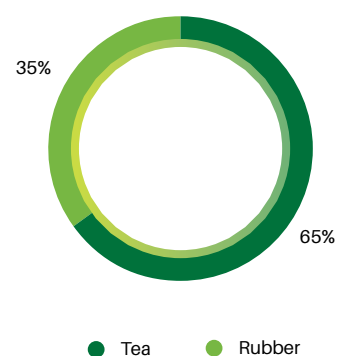
Distribution of Land 2023/24



Distribution of Land 2022/23



Crop Kg'000



Total Hectares Managed

13,128 Ha

Tea	3,283 Ha - 25%
Rubber	3,510 Ha - 27%
Other	6,335 Ha - 48%

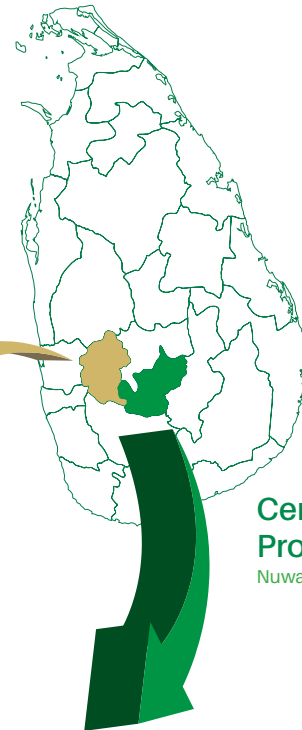
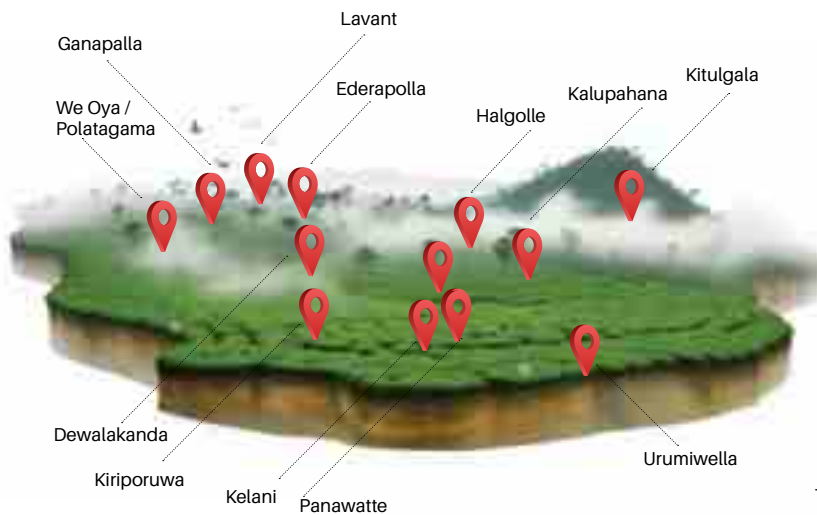
Crop Kg'000

Tea - 3,859

Rubber - 2,070

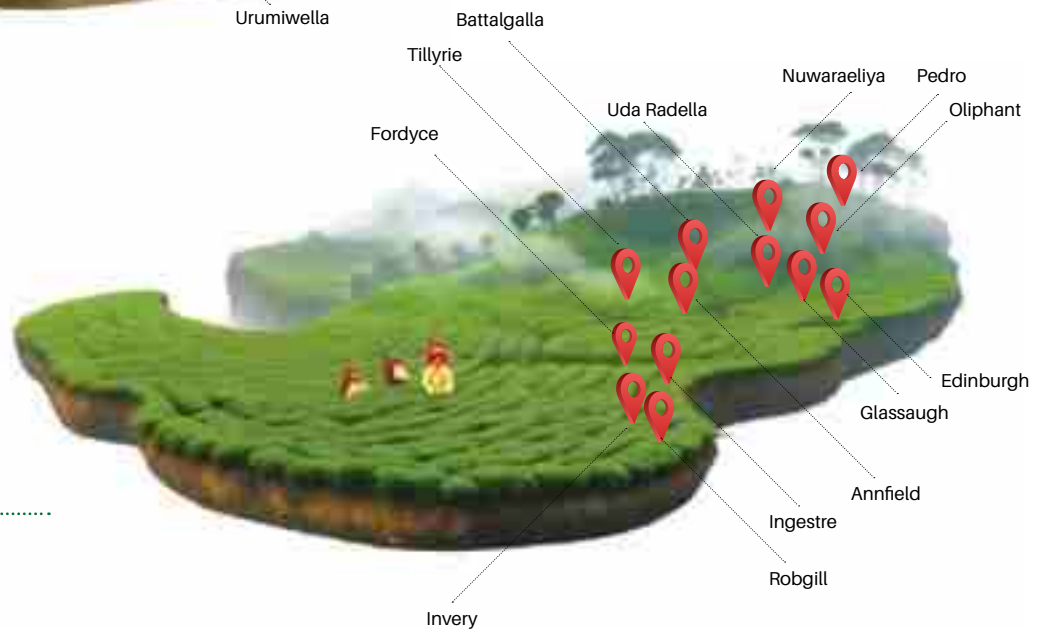
Sabaragamuwa Province

Kegalle District

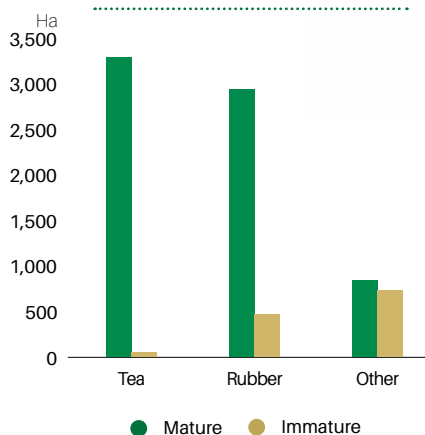


Central Province

Nuwara Eliya District



Crop - Extent



Mature

7,174 Ha

Tea	3,263 Ha
Rubber	3,030 Ha
Other	882 Ha

Immature

1,218 Ha

Tea	20 Ha
Rubber	480 Ha
Other	718 Ha

Corporate Profile

GRI 2-1

Kelani Valley Plantations PLC (KVPL) was incorporated as a Regional Plantation Company in June 1992 and was listed on the main board of the Colombo Stock Exchange in 1996. KVPL is a subsidiary of Dipped Products PLC, a leading global manufacturer of hand protection wear. The company oversees 25 estates spread across three distinct agro-climatic regions, covering a total of 13,128 hectares. These estates are engaged in the cultivation of various crops including Tea, Rubber, Coconut, Cinnamon, Coffee, and Agroforestry.

Kelani Valley Plantations PLC (KVPL) has achieved significant certifications for its tea production, underscoring its commitment to quality, safety, and sustainability. All KVPL's black tea factories are ISO 22000:2018 certified, ensuring adherence to rigorous food safety management standards. Tea plantations and smallholders associated with the Kelani Tea factory are certified with Rainforest Alliance certification, reflecting their dedication to sustainable agricultural practices and environmental stewardship.

Furthermore, KVPL is certified under Eco Label Sri Lanka and its membership in the Ethical Tea Partnership (ETP) confirm the company's commitment to good agricultural and manufacturing practices with stringent adherence to environmental best practices. These certifications signify a responsible approach to enhancing ethical business practices, ensuring worker safety, health, and preserving biodiversity within the plantations.

In the year under review, KVPL also obtained ISO 45001:2018 standard certification for Management Systems of Occupational Health and Safety (OHS) for its Ingestre Black Tea processing center.



KVPL Corporate Profile

Watch our corporate video here.

In addition to the manufacture of Black Tea, Kelani Valley Plantations PLC also produces Green Tea at its Glassaugh factory. KVPL enhances its brand value through its three Tea Centres: the Pedro Estate Ethical Tea Boutique in Nuwara Eliya, the 'Tea Train' at Edinburgh Estate in Nanu Oya, and the 'Planters Grove' at Dewalakanda Estate in Dehiowita. These Tea Centres contribute significantly to KVPL's brand value as a leading Tea manufacturer in the country.

The rubber plantations are also endorsed by Forest Stewardship Council (FSC) Certification and Organic Rubber certifications (USDA/NOP & EU) while products of Sole Crepe, Centrifuge Latex and Crepe Rubber are certified with FSC chain of custody certification whilst the Centrifuged factory is Global Organic Latex Standard (GOLS) certified. Furthermore, the Company has Fair Rubber Certification for two of our rubber plantations which have processing centers, which allows to improve the working and living conditions of estate workers through Fair Rubber Premium. All ten of our rubber estates certified with Sustainability Framework certification a multipurpose framework which is used for verification of forest and farm management.

Mabroc Teas (Pvt) Ltd., our tea marketing company, has a reach of over 50 countries. Together with KVPL, it became a signatory to the UN Global Compact, a member of the UNGC Charter and launched the unique Single Origin Tea from select garden marks. It was recognised as 'The First Ethical Tea Brand of the World' for honouring the four main principles of UNGC; Human Rights, Labour Standards, Environment and Anti-Corruption.

KVPL's a unique multi-dimensional initiative branded as "A Home for Every Plantation Worker" was launched in 2006 with the aim of uplifting the quality of life of our people in all aspects. The initiative was also featured at the UNGC Network Conference in Mexico in 2017 for its design and approach to social uplifting of estate communities.

Pursuing a strategy of diversification into other complementary business models, Kelani Valley Plantations PLC (KVPL) ventured into renewable power generation with the launch of Kalupahana Power Company (Pvt) Ltd. in 2003, which generates 1 MW of Hydro Power. Additionally, the company operates a solar power plant with a capacity of 165 kWp at Dewalakanda Estate since September 2018. Solar system implementations are also in progress at Panawatta and Ingestre Estates, further expanding KVPL's commitment to renewable energy.

It has also ventured into the leisure sector with the incorporation of Kelani Valley Resorts (Pvt) Ltd. in 2017; to harness the lush landscape of the Tea plantations. The Oliphant Bungalow Luxury boutique resort in Nuwara Eliya KVPL's maiden venture is surrounded by lush Tea plantations and has expanded KVPL's portfolio into the leisure sector.

"Kelani Valley Plantations PLC's relentless pursuit of excellence and internationally recognized accreditations are evident in its operational practices and numerous commitments to ethical business management." The company's current position in the industry is a testament to its spirit of innovation and the commitment demonstrated by its 7,783 strong team, led by a cohesive management team.

Vision

"Kelani Valley Plantations - Products of Excellence"

Mission

To optimise plantation productivity and ensure highest quality by harnessing and developing employee potential, whilst improving the quality of life of the community and securing an acceptable return on investment.

Values

Our Customers:

We provide consistently good quality products and excellent service at competitive prices, whilst ensuring continuity of supplies. We are conscious of customer requirements and ever-changing market trends and orient our production to suit specific needs.

Our Suppliers:

We establish mutually-beneficial relationships with our suppliers based on trust, quality and reliability. We treat them as we wish to be treated ourselves.

Our Competitors:

We view our competitors as a source of inspiration for our own advancement. We are conscious of their strengths and weaknesses and compete for market superiority without resorting to unethical practices while maintaining close cooperation on common issues.

Our Employees:

We care for our employees and create a favourable environment for their participation in managing our affairs, thereby increasing productivity. We develop and create individuals who feel contented and secure in their jobs. We recognise merit.

Our Owners:

We enhance the reputation of the company by conforming to high levels of conduct. We generate adequate return and ensure security of their investments by maintaining high-viability, long-term stability.

Our Country and the World:

We conduct our business in a socially-responsible and ethical manner. We are aware of the changing environment and contribute towards enhancing the quality of life for a better Sri Lanka and a better world.



Milestones

1992 >

Incorporated as a Regional Plantations Company

1995 >

DPL Plantations (Pvt) Ltd. acquired the controlling interest.

1996 >

In January, KVPL Listed in CSE & issued 20 m ordinary shares each at Rs. 10.

FSC certification for Rubber

1998 >

Debentures were converted to 14 m additional shares

2000 >

Implementation of mini hydropower scheme at Battalgalla estate

2003 >

Strategic alliance with Mabroc Teas (Pvt) Ltd.

Incorporation of Kalupahana Power Company (Pvt) Ltd.

2004 >

Acquired 40% of issued share capital of Mabroc Teas (Pvt) Ltd.

2006 >

UN Global Compact Signatory with Mabroc and KVPL

2007 >

ISO 22000:2005, HACCP & TASS-SGS Certification for 13 Black Tea processing centres

2008 >

Global G.A.P. Certification

2009 >

Dewalakande and Panawatte Sole Crepe - Certified for FSC

2010 >

Acquired balance 60% of Mabroc Teas (Pvt) Ltd.

2011 >

Rain forest Alliance certification



2016>

GMP Certification
- Tea Factories

Celebration of
25 years in the
Plantation Industry,
Excellence in
Tea and Rubber
Plantations.

Winner - Global HR
Excellence Award

<2019

Highest ever
recognition for
business Excellence
by winning the
Overall Gold Award
at National Business
Excellence Awards
2019, being the
2nd Agro based
company to achieve
the pinnacle award.

<2021

GREAT PLACE TO
WORK®
Great Place to Work®
Certified - with
highest ever marks
in employee survey

Best Corporate
Citizen Sustainability
Award - 2021
Agriculture Sector -
GOLD

<2022

GREAT PLACE TO
WORK®
Great Place to Work®
Certified - with highest
ever marks in employee
survey

**CA Sri Lanka BEST
ANNUAL REPORT
AWARD-2021**
(Plantation Sector)
GOLD AWARD

2024

**CA Sri Lanka TAGS
AWARDS-2023**
(Plantation Sector)
GOLD AWARD for the
3rd consecutive year

Honoured as most
outstanding women
friendly workplace by
CIMA Satyn Award

1st plantation
Company in Sri Lanka
to certified as a Great
Place To Work® for
3rd consecutive year

Energy Globe Award
(National Winner) for
the 2nd consecutive
year

<2020

First ever RPC to
qualify with Field
Officers holding
National Skills
Passport

Ranked within
the LMD Top 50
Most Awarded
Companies
2019/20 Hall of
Fame.

<2023

GREAT PLACE TO
WORK®
Great Place to Work®
Certified - with highest
ever marks
in employee survey

**CA Sri Lanka TAGS
AWARDS-2022**
(Plantation Sector)
GOLD AWARD

Best Corporate Citizen
Sustainability Award - 2021
Agriculture Sector -
GOLD

2017>

Incorporated Fully
owned subsidiary
- Kelani Valley
Resorts (Pvt) Ltd.

Gold Winner of
National Business
Excellence Awards
(Agriculture &
Plantation Sector)
and Bronze in
Overall Excellence



Environment



1. Chairman's Awards 2023 - Hayleys PLC
Plantation Category - Winner
'The Success Story of Pedro'

2. CPM Management Research Forum Awards 2023
The Institute of Chartered Professional Managers of Sri Lanka
Climate Smart Regenerative Agri-Business Model in Plantation - Gold Award

3. Best Management Practices Award 2024
The Institute of Chartered Professional Managers of Sri Lanka
Top Ten 10 Companies

4. Commonwealth Business Excellence Awards 2023
Commonwealth Partnership Summit & Business Excellence Awards - Winner
Social Responsibility & Environmental Awareness Award

5. Energy Globe Award 2023
The World Award for sustainability
National Winner in Sri Lanka

AWARDS &

Social



1. Appreciation Award
Department of Human Resource Management, Faculty of Management, University of Peradeniya, Sri Lanka

2. Women Friendly Workplace Awards 2023 AICPA & CIMA
Most Outstanding Female in Sri Lanka Workplace 2023
'She Wins Category' Winner

3. The Centre for Child Rights and has obtained the 'Mother & Child Friendly SEAL for Responsible Business'

4. Great Place To Work - Certified™ 2024-2025

5. Commonwealth Business Excellence Awards 2023 - Pan Pacific, Singapore
'HRM Leadership for Catalyst of Change in Organisational Knowledge Management for Business Excellence Award' - Winner

6. Women Friendly Workplace Awards 2023 AICPA & CIMA
'One of Sri Lanka's Most Outstanding Women friendly Workplaces'

7. Recognition Award
United Nations Volunteers, Sri Lanka (VNET)
Best private sector organization for outstanding volunteerism and service to community
2022/ 2023 - Winner

8. Special Recognition Award
Faculty of Agriculture, University of Peradeniya, Sri Lanka

9. CPM Management Research Forum Awards 2023
The Institute of Chartered Professional Managers of Sri Lanka
Corporate and Industry Case Studies - Silver Award

G

E

kelani
Plantations

Economic

**1. Total Excellence in Tea Production Award 2023**

Tea Exporters Association of Sri Lanka

- Winner - Robgill Estate
- Winner - Loverleap Division, Pedro Estate
- Runner- Up - Mahagastotte Division, Pedro Estate

2. Best Corporate Citizen Sustainability Awards 2023The Ceylon Chamber of Commerce
Category B - 2nd Runner - Up**3. Excellence in Tea Tasting Award 2023**Tea Exporters Association of Sri Lanka
2nd Runner - Up**4. 8th Asia - Pacific Tea Competition**

- Gold Award - Uda Radella Estate
- Gold Award - Tillyrie Estate
- Silver Award - Mahagastotte Division, Pedro Estate
- Silver Award - Fordyce Estate
- Special Gold Award - Nuwera Eliya Estate
- Special Gold Award - Ingestre Estate
- Special Gold Award - Annfield Estate

ACCOLADES

Governance

**1. Next Ten Best Integrated Reports**Institute of Certified Management Accountants
of Sri Lanka

CMA Excellence in Integrated Reporting Awards - 2023

2. Best Presented Annual Report AwardsIntegrated Reporting Awards & SAARC Anniversary
Awards
Agriculture Category - Silver Award**3. TAGS Award 2023**The Institute of chartered Accountants of Sri Lanka
Plantation Sector- Gold Award**4. Best Corporate Citizen Sustainability Awards 2023**The Ceylon Chamber of Commerce
Top Ten Corporate Citizen

Board of Directors



(Standing) - Left to Right

Dr. Roshan Rajadurai- Managing Director/Executive Director | **Mr. A.M. Pandithage** - Chairman

Mr. A. Weerakoon- Chief Executive Officer/Executive Director | **Mr. S.C. Ganegoda** - Non-Executive Director

Mr. F. Mohideen - Non-Executive Director | **Mr. M. C. B. Talwatte** - *Independent Non-Executive Directors* | **Mr. S.P.Peiris** - Non Executive Director

Mrs. S. Amarasekera, PC - Independent Non-Executive Directors | **Mr. C.V. Cabraal** - Non-Executive Directors

Mr. N. Ekanayake - Senior Independent Director



Board of Directors

Mr. A.M. Pandithage Chairman

currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009. Appointed to the board of Kelani Valley Plantations PLC in July 2009.

As an accomplished industry veteran and respected leader in the field of transportation and logistics, he was honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. Additionally, he was presented with a Lifetime Achievement Award by the Seatrade-Sri Lanka Ports, Trade and Logistics (SLPTL). He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association, in acknowledgement of his invaluable services to Sri Lanka's logistics industry.

Mr. Pandithage serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

As an Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries. Presently, he holds the position of Executive Chairman at Dipped Products PLC, Haycarb PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Horana Plantations PLC, Alumex PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC.

Dr. Roshan Rajadurai Managing Director/Executive Director

Appointed to the Board in 2013. Joined the Plantation Sector in 1983, and served in the Janatha Estates Development Board (JEDB) till 1992 privatisation of Plantations and counts over 40 years of planting experience. He was

an Estates Group Manager of Hayleys, Kelani Valley Plantations in Nuwara Eliya. In 2002 he joined Kahawatta Plantations of Dilmah as General Manager and was Director/CEO from 2008 to 2012. He re-joined Hayleys in 2013 as Hayleys Group Management Committee Member for Plantations Sector and is responsible for Kelani Valley, Talawakelle and Horana Plantations.

He had been the Chairman of the Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka. He is the Chairman of the Sustainability Group of Sri Lanka Tea Road Map Strategy 2030. He serves as a member of the Tea Research Board Consultative Committee on Research and is the Chairman of the Tea Research Board Consultative Committee on Estates and Advisory Services. He serves as a member of the Board of Study in the Faculty of Agriculture and Plantation Management at Wayaba University and is in the Board of Academic Affairs of the National Institute of Plantation Management. He served as a Chairman of the Plantations Group in the Council for Agriculture Research and Policy (CARP). He serves in the Standing Committee on Agriculture of University Grants Commission and also serves as a member of Public Expenditure Review Committee (PERC) on Ministry of Plantations.

He holds a B.Sc Honours in Plantation Management, M.Sc. (OB), an MBA and an M.Sc. in Agriculture and Plantation Crops from the Post Graduate Institute of Agriculture, University of Peradeniya. He has a Ph.D in Management and a D.Sc in Agriculture.

Mr. A. Weerakoon Chief Executive Officer/Executive Director

Appointed as an Executive Director to the Board of Kelani Valley Plantations PLC in December 2018 after being promoted as a Chief Executive Officer. He serves on the Boards of DPL Plantations (Pvt) Ltd, Kalupahana Power Company (Pvt) Ltd and Kelani Valley resorts (Pvt) Ltd since December 2018. Appointed as a Director of Mabroc Teas (Pvt) Ltd (A fully owned subsidiary of Kelani Valley plantations PLC) in January 2023. Prior to rejoining served as a Director in Malwatte Valley Plantations PLC.

He counts over 38 years of experience in the plantations industry. Specialised in introducing modern management systems and system development strategies to the plantation sector.

Mr. F. Mohideen Non-Executive Director

Mr. Mohideen was appointed to the Board of Kelani Valley Plantations PLC in October 2008 and serves as a Non-Executive Director. Holds a B.Sc. in Mathematics, University of London and a M.Sc. in Econometrics, London School of Economics. Former Deputy Secretary to the Treasury and Director General, External Resources Department, Ministry of Finance and Planning.

Mr. S.C. Ganegoda Non-Executive Director

Rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to the Board in September 2009. Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Dipped Products PLC, Hayleys Fabric PLC, Haycarb PLC, Hayleys Fibre PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Horana Plantations PLC.

Mr. C.V. Cabraal Non-Executive Directors

Appointed to the Board in January 2013. Chatura V. Cabraal is a Graduate (with Honours) in Mechanical Engineering (BSc.) with a focus in manufacturing and design from the Missouri University of Science and Technology.

He previously worked at CHEC Port City Colombo as a Senior Manager - Estate Management upto October 2023 and before that at Brandix Lanka (Pvt) Ltd as a Sustainability Engineer (2011- 2014) in the Energy and Environment Department. He started his career in 2010 as a Management Trainee at John Keells Hotel Management Services. He also served as a member of the Sri Lanka Export Development Board from December 2019 to 2022. He serves on the boards of Vallibel Power Erathna PLC, Renuka City Hotel PLC and The Fortress Resort and Spa PLC. "

Mr. N. Ekanayake
Senior Independent Director

Appointed to the Board of Kelani Valley Plantations PLC in June 2022. He is a Fellow Member of CA Sri Lanka (FCA) possessing over 30 years of post-qualifying experience at different management levels. He is also an Associate member of the Institute of Certified Practising Accountants (CPA) Australia and a Fellow Member of the Certified Management Accountants (FCMA) of Sri Lanka.

He completed his executive education in London Business School in the UK and leadership education in International Institute for Management Development (IMD) in Switzerland both of which are world renowned business schools.

Mr. Ekanayake also serves as the Senior Independent Director of Talawakelle Tea Estates PLC and Hayleys Fabric PLC.

He is the current Chairman of Siam City Cement (Lanka) Ltd, Chairman of both Mahaweli Marine (Pvt) Ltd (a 90% owned subsidiary of Siam City Cement (Lanka) Ltd and Insee Ecocycle Lanka (Pvt) Ltd (fully owned subsidiary of Siam City Cement (Lanka) Ltd.

He has previously served as the Chairman/ CEO of Siam City Cement (Lanka) Ltd and Vice President - Finance, IT and Procurement of Holcim Lanka Ltd - Colombo and as the General Manager of Ruhunu Cement Co. Ltd - Colombo. He has also served as the Finance Director of Holcim (Vietnam) Ltd, in Ho Chi Minh City for a period of 10 years.

Mr. S.P.Peiriris
Non Executive Director

Appointed to the Board of Kelani Valley Plantations PLC on 3rd January 2024. Chief Executive Officer of Bartleet Religare Securities (Pvt) Ltd., (BRS) and serves on the BRS board since 2008. He is an experienced professional with a carrier spanning over 30 years in the Capital Market industry. He has introduced many High Net worth and Institutional investors to BRS and the Stock Market and was instrumental in many acquisitions, takeovers, and sales of strategic stakes. He overlooks and is responsible for the overall operations of BRS. He is a leading and highly recognized Stockbroker/ Investment Advisor licensed by the Securities & Exchange Commission of Sri Lanka. At present he serves on the board of Colombo Stock Exchange as an elected Non-Executive Director.

Mr.M. C. B. Talwatte
Independent Non-Executive Directors

Appointed to the Board of Kelani Valley Plantations PLC on 3rd January 2024.

Malaka Talwatte a long-standing business professional, holds a BEng (Hons) in Manufacturing Systems Engineering and an MSc in Engineering Business Management from the University of Warwick, UK. He commenced his career at Nortel Networks in Project Management with stints in Malaysia and Sri Lanka. With over two decades of management experience, Mr. Talwatte has made significant contributions to the success of businesses locally and internationally. His acumen for innovation and knowledge of the business landscape is evident in his role as a Founder-Director in Healthcare (Lifeline Pharmaceuticals, Credence Genomics), Technology (UPay), and Tourism ventures (Saffron Leisure, Plush Villas); two of which were acquired by publicly listed companies in Sri Lanka. Formerly the Chairman of the Sri Lanka Broadcasting Corporation, he currently serves as the Chair of the George Keyt Foundation, drawing on his extensive knowledge of Sri Lankan art to support the development in Arts in Sri Lanka.

Mrs. S. Amarasekera, PC
Independent Non-Executive Directors

Mrs. Saumya Amarasekera was appointed to the Board of Kelani Valley Plantations PLC on 3rd January 2024.

She is an Attorney-at-Law and counts over 35 years in active legal practice mainly in Civil Law practicing in the Original, Appellate and the Supreme Court. Her extensive knowledge and practice center around the areas of Property Law, Family Law, Testamentary Law, Trust and Condominium Law. In addition, she has a wide exposure and practice in handling litigation on behalf of Finance Companies, Banks, etc., in respect of money recovery cases. She has also participated in many arbitrations both local and international, as a Counsel as well as an Arbitrator.

She holds a degree in Master-of-Laws (LLM) from the University of Pennsylvania with particular emphasis on Insurance Law and the Law of Defamation and Privacy.

Mrs. Amarasekera was appointed a President's Counsel in the year 2018.

She served as a Non-Independent, Non-Executive Director on the Board of Sampath Bank PLC and was thereafter appointed as its Deputy Chairperson and served as such until her retirement from Sampath Bank PLC in June 2020.

Mrs. Amarasekera presently serves as the Chairperson of the Advisory Committee appointed by the Ministry of Justice for the review of the Registration of Title Act. She is currently serving as an Independent Non-Executive Director on the Board of WindForce PLC, Hayleys Fibre PLC and Hayleys Fabric PLC and as a Member of the Board of the Data Protection Authority of Sri Lanka.

Corporate Management



1st Row (Seated) - Left to Right

Madhawa Wickramaratne : General Manager – Marketing | **Anuruddha Gamage** : General Manager – HR & Corporate Sustainability
Viren Ruberu : Director Plantations – Rubber | **Ranil Fernando** : Director – Rubber Marketing & Administration
Vidura Weerabahu : Director – Finance | **Rajiv Bandaranayake** : Director – Strategic Agri-Business Development
Anura Senanayake : Regional General Manager – Crop Diversification/Export Agriculture

**2nd Row (Standing) - Left to Right**

Mahesh Vithanawasam : Assistant General Manager – Sustainability | **Chandana Senevirathne** : Senior Manager – Accounts

Kalidas Murugadas : Senior Manager – Crop Diversification/Export Agriculture | **Lasantha Prabath** : Manager – Accounts

Susantha Wijesinghe : Assistant General Manager – Information Technology | **Kenneth Alles** : Assistant General Manager – Corporate Affairs

Corporate Management Profile

BOARD OF DIRECTORS

KELANI VALLEY PLANTATIONS PLC

Tea & Rubber Plantations
Incorporated in 1992 in Sri Lanka
Stated capital – Rs. 340 m

Directors:

A M Pandithage - Chairman
Dr. Roshan Rajadurai - Managing Director
A Weerakoon - Chief Executive Officer
F Mohideen
S C Ganegoda
C V Cabraal
N Ekanayake – Senior independent Director
M.C.B.Talwatte - appointed w.e.f. 03 January 2024
S.Amarasekera (Mrs.), PC - appointed w.e.f. 03 January 2024
S.P.Peiris - appointed w.e.f. 03 January 2024

DPL PLANTATIONS (PVT) LTD.

Plantation Management, Managing Agent
Incorporated in 1992 in Sri Lanka
Stated capital – Rs. 550 m

Directors:

A M Pandithage - Chairman
Dr. Roshan Rajadurai
S C Ganegoda
A Weerakoon

KALUPAHANA POWER COMPANY (PVT) LTD.

Generates Hydro Power
Incorporated in 2003 in Sri Lanka
Stated capital – Rs. 30 m
Group interest – 60%

Directors:

Dr. Roshan Rajadurai
A Weerakoon
M F M Ismail
P A L Fernando

MABROC TEAS (PVT) LTD.

Exports Bulk & Retail Packed Tea
Incorporated in 1988 in Sri Lanka
Stated capital – Rs. 590 m
Group interest – 100%

Directors:

A M Pandithage - Chairman
N R Ranatunga - Deputy Chairman
R S Samarasinghe - Managing Director
S C Ganegoda
Dr. Roshan Rajadurai
A Weerakoon
S C Hikkaduwege

KELANI VALLEY RESORTS (PVT) LTD.

Operates Boutique Bungalow
Incorporated in 2017 in Sri Lanka
Stated capital – Rs. 50 m
Group interest – 100%

Directors:

A M Pandithage - Chairman
Dr. Roshan Rajadurai
A Weerakoon
R J Karunarahah

KELANI VALLEY PLANTATIONS PLC

Board of Directors:

A M Pandithage	Chairman
Dr. Roshan Rajadurai	Managing Director
Anura Weerakoon	Director/Chief Executive Officer

Operational Directors:

Vidura Weerabahu	Finance
Viren Ruberu	Plantations (Rubber)
Ranil Fernando	Rubber Marketing & Administrations
Rajiv Bandaranayake	Strategic Agri Business Development

General Managers:

Anuruddha Gamage	Human Resources & Corporate Sustainability
Madhawa Wickramaratne	Marketing

Regional General Managers:

Senaka Fernando	Dewalakande
Dilum Pathirana	Pedro
Indra Gallearachchi	Invery
Anura Senanayake	Crop Diversification

Senior Deputy General Managers:

Eranda Welikala	Ederapola
Buddika Attanayake	Annfield

Deputy General Managers:

Udeni Wanigathunge	Nuwara Eliya
Senaka Dayananda	Engineering

Assistant General Managers:

Susantha Wijesinghe	Information Technology
Kenneth Alles	Corporate Affairs
Chandana Wanniarachchi	Process Technology
Mahesh Vithanawasam	Sustainability
Rajith Gnanasekaram	Ingestre
Yasith Hettiarachchi	Fordyce
Eroshan Peiris	Robgill

Group Managers:

Shashika Bulumulla	We-Oya
Desmond Augustine	Glassaugh
Udara Jayasundara	Panawatte

Senior Managers:

Chandana Senevirathne	Accounts
Kalidas Murugadas	Crop Diversification
Senerath Nawarathne	Urumiwella
Rosindra Senawiratne	Tillyrie
Thushan Benthota	Uda Radella

Managers:

Lasantha Prabath	Accounts
Hemamali Paranawithana	HRD & Health

Estate Managers:

Up Country (Nuwara Eliya & Hatton Group)	
Hasthika Peiris	Battalgalla
Amila Ranasinghe	Edinburgh
Sayan Jackson *	Oliphant

Low Country (Tea & Rubber Group)

Asantha Perera	Kelani
Thambirajah Karthik	Kiriporuwa
Manoj Wijayawardane	Halgolla
Chathuranga Athauda	Ganepalla
Salinda Samarakoon *	Lavant
Shamila Jayasundara *	Kalupahana
Wijitha Wickramaarachchi **	Kitulgala

* Acting Estate Manager

** Deputy Estate Manager in charge

MABROC TEAS (PVT) LTD

Directors:

Niran Ranatunga	Executive Deputy Chairman
Rajeev Samarasinghe	Managing Director
Sanjeeva Hikkaduwa	Director Finance

General Managers:

Lalantha Peris	International Marketing
Upuli Kulasiri	Internal Trade
Menaka Perera	Operations

Deputy General Managers:

Kamal Wilegoda	Finance
Vidusha Wakista	Tea Department
Evans Samaraweera	Factory

Managers:

Yasith Rupasinghe	Tea Department
Anuradha Samarasinghe	Finance
Samantha Weerathne	Finance
Malinda Peiris	Finance
Sheranil Fernandopulle	Quality Assurance

Corporate Management Profile



1st Row (Seated) - Left to Right

Rajith Gnanasekeram : Assistant General Manager - Ingestre Estate | **Yasith Hettiarachchi** : Assistant General Manager - Fordyce Estate
Dilum Pathirana : Regional General Manager - Pedro Estate | **Udeni Wanigathunga** : Deputy General Manager - Nuwara Eliya Estate
Eroshan Peiris : Assistant General Manager - Robgill Estate | **Indra Gallearachchi** : Regional General Manager - Invery Estate
Buddika Attanayake : Senior Deputy General Manager - Annfield Estate

2nd Row (Standing) - Left to Right

Shayan Jackson : Acting Estate Manager - Oliphant Estate | **Hashtika Peiris** : Estate Manager - Battalgalla Estate
Desmond Augustine : Estate Group Manager - Glassaugh Estate | **Roshindra Senewirathne** : Senior Estate Manager - Tillyrie Estate
Thushan Benthota : Senior Estate Manager - Uda Radella Estate | **Amila Ranasinghe** : Estate Manager - Edinburgh Estate



1st Row (Seated) - Left to Right

Shashika Bulumulla : Estate Group Manager - We Oya Estate | **Eranda Welikala** : Senior Deputy General Manager - Ederapola Estate

Chandana Wanniarachchi : Assistant General Manager - Process Technology

Senarath Nawarathne : Senior Estate Manager - Urumiwella Estate | **Senaka Fernando** : Regional General Manager - Dewalakande Estate

Udara Jayasundara : Estate Group Manager - Panawatte Estate

2nd Row (Standing) - Left to Right

Thambirajah Karthik : Estate Manager - Kiriporuwa Estate | **Asantha Perera** : Estate Manager - Kelani Estate

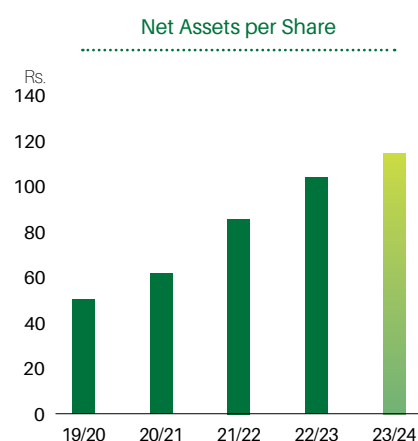
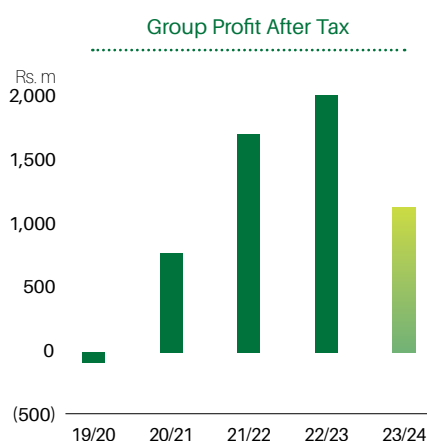
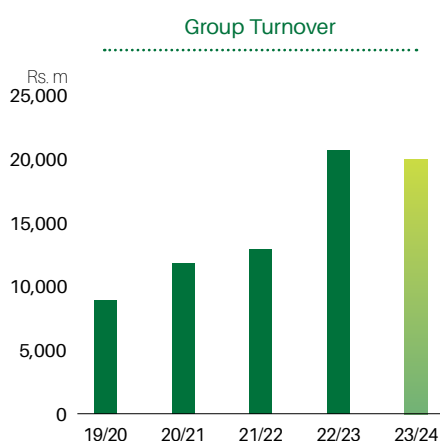
Wijitha Wickramaarachchi : Deputy Estate Manager in charge - Kitulgala Estate

Chathuranga Athauda : Estate Manager - Ganepalla Estate | **Shamila Jayasundara** : Acting Estate Manager - Kalupahana Estate

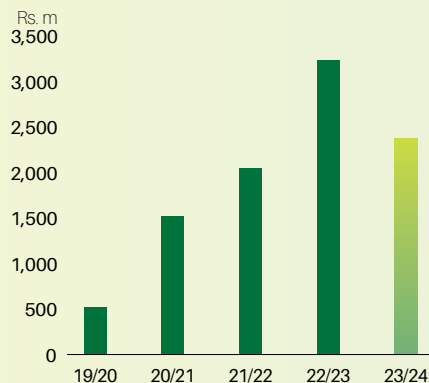
Manoj Wijawardane : Estate Manager - Halgolla Estate | **Salinda Samarakoon** : Acting Estate Manager - Lavant Estate

Financial Highlights

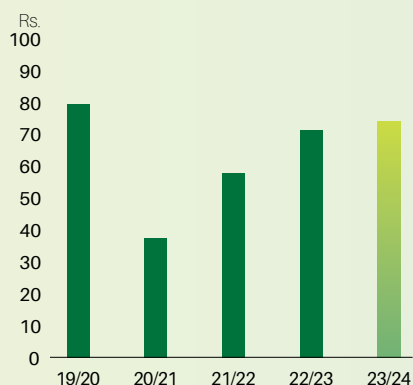
		Group			Company		
For the year ended 31 March		2023/24	2022/23	%	2023/24	2022/23	%
		Rs. '000	Rs. '000	Change of	Rs. '000	Rs. '000	Change of
Earning Highlights and Ratios							
Revenue	Rs. '000	19,968,249	20,704,226	(4)	7,432,009	8,389,910	(11)
Result from operating activities	Rs. '000	1,881,034	2,825,715	(33)	1,165,068	2,369,973	(51)
Profit before tax	Rs. '000	1,849,441	3,040,670	(39)	1,315,970	2,538,536	(48)
Profit after tax	Rs. '000	1,182,832	2,087,844	(43)	898,978	1,784,855	(50)
Operating profit margin	%	9.42	13.65	(31)	15.68	28.25	(45)
Net profit margin	%	5.92	10.08	(41)	12.10	21.27	(43)
Return on assets (ROA)	%	7.83	14.56	(46)	8.28	17.77	(53)
Return on capital employed (ROCE)	%	19.07	29.74	(36)	18.18	39.91	(54)
Interest cover	Times	4.12	4.58	(10)	9.20	22.77	(60)
Financial position Highlights and Ratios							
Shareholders' funds							
(Equity Holders of the Company)	Rs. '000	7,863,982	7,155,218	10	5,541,046	5,132,711	8
Gearing (Debt/(Equity+Debt))	%	20	25	(18)	14	14	(0.2)
Working capital	Rs. '000	3,430,991	2,731,865	26	1,852,768	1,707,948	8
Current ratio	Times	2.06	1.73	19	2.16	2.02	7
Dividend payout ratio	%	-	-	-	0.28	0.38	(26)
Quick assets ratio	Times	1.43	1.10	30	1.46	1.32%	10
Market capitalisation	Rs. '000	5,038,800	4,862,000	4	5,038,800	4,862,000	4
Capital expenditure	Rs. '000	726,214	958,267	(24)	346,024	601,816	(43)
Per share (Year End):							
Earnings	RS.	17.26	30.70	(44)	13.22	26.25	(50)
Dividend	RS.	-	-	-	3.75	10.00	(63)
Market value	RS.	74.00	70.50	5	74.00	70.50	5
Net assets	RS.	115.65	105.22	10	81.49	75.48	8



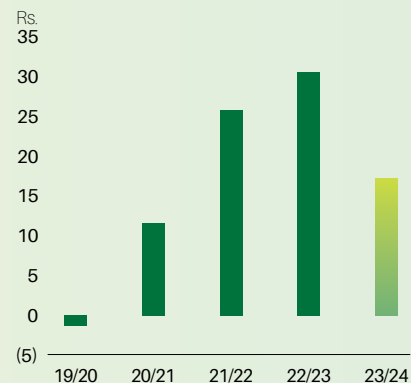
EBITDA



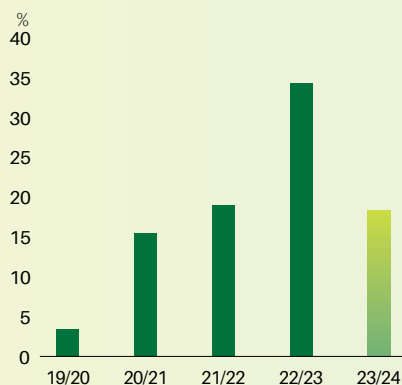
Market Price per Share



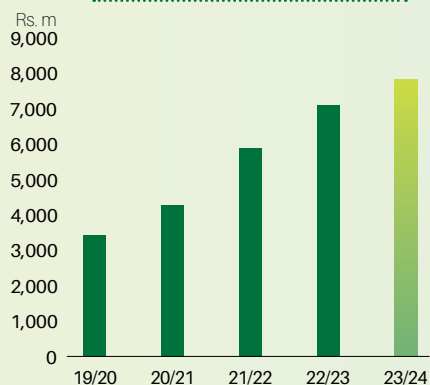
Earnings per Share



ROCE



Shareholder Funds (Equity Holders of the Company)



Dividend Paid
Rs. 255 m
Rs. 3.75 Per Share



Horizontal Analysis

Statement of Financial Position

	31.03.2024	24 Vs 23	31.03.2023	23 Vs 22	31.03.2022	22 Vs 21	31.03.2021	21 Vs 20	31.03.2020	20 Vs 19	31.03.2019
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
ASSETS											
Non-current assets											
Right-of-use Assets	770,009	28.86	597,533	0.41	595,090	(4.76)	624,842	(2.50)	640,895	93.32	331,527
Freehold property, plant & equipment	2,806,635	8.48	2,587,345	22.82	2,106,696	4.21	2,021,491	(3.30)	2,090,554	50.77	1,386,546
Bearer biological assets	3,991,849	0.16	3,985,445	2.71	3,880,180	0.56	3,858,625	0.76	3,829,473	3.13	3,713,349
Biological assets - consumable	271,184	14.13	237,603	11.71	212,691	4.17	204,178	2.60	199,003	12.58	176,767
Investments in equity accounted investee	139,858	100.00	-	-	-	-	-	-	-	-	-
Other non-current financial assets	423,225	6.61	396,970	1.55	390,920	-	390,920	-	390,920	-	390,920
Intangible assets	36,377	(5.94)	38,673	(6.25)	41,251	1.80	40,521	15.25	35,161	(1.56)	35,718
Deferred tax assets	2,278	-	1,221	-	-	-	-	-	-	-	-
Total non-current assets	8,441,415	7.61	7,844,790	8.55	7,226,828	1.21	7,140,577	(0.63)	7,186,006	19.08	6,034,828
Current assets											
Produce on bearer biological assets	22,718	(20.73)	28,660	68.79	16,980	82.86	9,286	65.19	5,621	(65.93)	16,498
Inventories	2,039,119	(13.56)	2,359,023	27.15	1,855,248	37.81	1,346,248	27.45	1,056,294	(5.78)	1,121,098
Amounts due from other related companies	116,653	101.56	57,876	(74.26)	224,877	209.52	72,655	71.65	42,327	(47.11)	80,033
Trade and other receivables	2,407,619	4.48	2,304,369	(0.64)	2,319,105	28.48	1,804,972	129.67	785,902	(41.15)	1,335,375
Income tax recoverable	-	-	-	(100.00)	138	(67.33)	422	(32.10)	622	(7.19)	670
Short-term investments	1,528,627	(0.70)	1,539,471	210.34	496,060	976.33	46,088	10.45	41,726	19.79	34,834
Cash and cash equivalents	549,111	173.57	200,720	(46.03)	371,939	11.98	332,148	31.20	253,162	299.82	63,318
Total current assets	6,663,847	2.68	6,490,119	22.82	5,284,347	46.31	3,611,819	65.25	2,185,654	(17.58)	2,651,826
Total assets	15,105,262	5.37	14,334,909	14.58	12,511,175	16.36	10,752,396	14.73	9,371,660	7.89	8,686,654

Balance Sheet Analysis (Equity & Liabilities)



	31.03.2024 Rs. '000	24 Vs 23 %	31.03.2023 Rs. '000	23 Vs 22 %	31.03.2022 Rs. '000	22 Vs 21 %	31.03.2021 Rs. '000	21 Vs 20 %	31.03.2020 Rs. '000	20 Vs 19 %	31.03.2019 Rs. '000
EQUITY AND LIABILITIES											
Equity											
Stated capital	340,000	-	340,000	-	340,000	-	340,000	-	340,000	-	340,000
Revenue reserves	7,523,982	10.40	6,815,218	22.73	5,552,995	42.05	3,909,055	26.21	3,097,193	3.84	2,982,544
Total equity attributable to equity holders of the company	7,863,982	9.91	7,155,218	21.42	5,892,995	38.69	4,249,055	23.62	3,437,193	3.45	3,322,544
Non-controlling interest	69,048	39.26	49,582	1.01	49,085	19.19	41,182	(1.67)	41,882	25.47	33,380
Total equity	7,933,030	10.11	7,204,800	21.25	5,942,080	38.50	4,290,237	23.32	3,479,075	3.67	3,355,924
Non-current liabilities											
Interest-bearing borrowings	62,604	258.65	17,456	(86.10)	125,574	(34.97)	193,108	(28.69)	270,817	66.22	162,924
Other financial liabilities	-	-	-	-	-	(100.00)	71,454	(64.35)	200,411	605.88	-
Amounts due to other related companies	-	-	-	-	-	-	-	(100.00)	13,086	-	28,392
Deferred income	655,491	0.34	653,266	(2.85)	672,440	0.75	667,443	8.24	616,630	3.40	596,351
Deferred tax liability	1,102,838	11.16	992,118	123.39	444,120	(3.90)	462,162	11.27	415,361	2.47	405,363
Retirement benefit obligations	1,263,546	17.31	1,077,144	4.14	1,034,290	(3.61)	1,073,035	(6.86)	1,152,014	3.79	1,109,974
Lease liability	854,897	35.30	631,871	5.32	599,964	0.14	599,096	2.06	587,014	34.11	437,712
Total non-current liabilities	3,939,376	16.83	3,371,855	17.23	2,876,388	(6.19)	3,066,298	(5.81)	3,255,333	18.78	2,740,716
Current liabilities											
Trade and other payables	1,757,149	(0.91)	1,773,310	27.45	1,391,394	71.00	813,673	41.29	575,877	(8.60)	630,095
Lease liability	8,239	(58.73)	19,963	18.13	16,899	14.30	14,785	47.51	10,023	357.66	2,190
Amounts due to other related companies	130,341	62.52	80,200	(3.09)	82,753	(8.25)	90,199	(30.89)	130,512	85.51	70,353
Income tax payable	262,652	26.83	207,087	113.68	96,915	125.40	42,997	4.58	41,114	(6.99)	44,206
Interest-bearing borrowings payable within one year	53,458	(51.44)	110,097	(20.14)	137,861	(13.54)	159,454	(14.38)	186,233	25.64	148,223
Other financial liabilities	-	-	-	(100.00)	92,081	(38.61)	150,000	-	150,000	-	-
Short-term interest bearing borrowings	1,020,781	(27.95)	1,416,682	(23.23)	1,845,270	(6.96)	1,983,276	118.29	908,564	(10.91)	1,019,864
Bank overdraft	233	(99.85)	150,915	411.00	29,534	(79.12)	141,477	(77.72)	634,929	(5.95)	675,083
Total current liabilities	3,232,856	(13.98)	3,758,254	1.78	3,692,707	8.74	3,395,861	28.77	2,637,252	1.82	2,590,014
Total liabilities	7,172,232	0.59	7,130,109	8.54	6,569,095	1.65	6,462,159	9.67	5,892,585	10.54	5,330,730
Total equity and liabilities	15,105,262	5.37	14,334,909	14.58	12,511,175	16.36	10,752,396	14.73	9,371,660	7.89	8,686,654

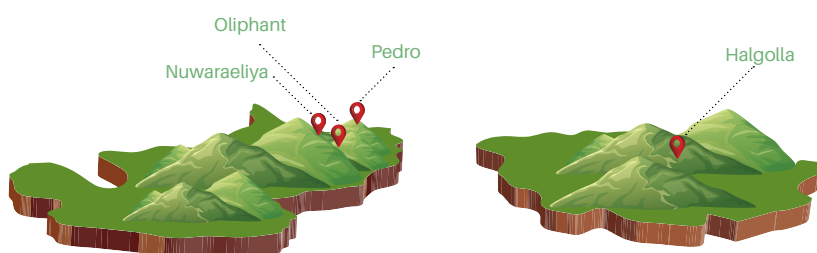
Rhinohorn Lizard

Ceratophora stoddartii



Rhino-horned Lizard, a globally endangered species endemic to Sri Lanka, was recorded in the below estates during the recent sampling efforts carried out by KVPL.

This species is usually found in an elevation of above 5000ft, but was found at Halgolla estate at 3000ft elevation which demarcates the significance of the biodiversity at Halgolla.



Vertical Analysis

Statement of Financial Position

	2023/24		2022/23		2021/22		2020/21		2019/20	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
ASSETS										
Non-current assets										
Right-of-use Assets	770,009	5.10	597,533	4.17	595,090	4.76	624,842	5.81	640,895	6.84
Freehold property, plant & equipment	2,806,635	18.58	2,587,345	18.05	2,106,696	16.84	2,021,491	18.80	2,090,554	22.31
Bearer biological assets	3,991,849	26.43	3,985,445	27.80	3,880,180	31.01	3,858,625	35.89	3,829,473	40.86
Biological assets - consumable	271,184	1.80	237,603	1.66	212,691	1.70	204,178	1.90	199,003	2.12
Investments in equity accounted investee	139,858	0.93	-	-	-	-	-	-	-	-
Other non-current financial assets	423,225	2.80	396,970	2.77	390,920	3.12	390,920	3.64	390,920	4.17
Intangible assets	36,377	0.24	38,673	0.27	41,251	0.33	40,521	0.38	35,161	0.38
Deferred tax assets	2,278	0.02	1,221	0.01	-	-	-	-	-	-
Total non-current assets	8,441,415	55.88	7,844,790	54.73	7,226,828	57.76	7,140,577	66.41	7,186,006	76.68
Current assets										
Produce on bearer biological assets	22,718	0.15	28,660	0.20	16,980	0.14	9,286	0.09	5,621	0.06
Inventories	2,039,119	13.50	2,359,023	16.46	1,855,248	14.83	1,346,248	12.52	1,056,294	11.27
Amounts due from other related companies	116,653	0.77	57,876	0.40	224,877	1.80	72,655	0.68	42,327	0.45
Amounts due from equity accounted investee	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	2,407,619	15.94	2,304,369	16.08	2,319,105	18.54	1,804,972	16.79	785,902	8.39
Income tax recoverable	-	-	-	-	138	-	422	-	622	0.01
Short-term investments	1,528,627	10.12	1,539,471	10.74	496,060	3.96	46,088	0.43	41,726	0.45
Cash and cash equivalents	549,111	3.64	200,720	1.40	371,939	2.97	332,148	3.09	253,162	2.70
Total current assets	6,663,847	44.12	6,490,119	45.27	5,284,348	42.24	3,611,819	33.59	2,185,654	23.32
Total assets	15,105,262	100.00	14,334,909	100.00	12,511,175	100.00	10,752,396	100.00	9,371,660	100.00
EQUITY AND LIABILITIES										
Equity										
Stated capital	340,000	2.25	340,000	2.37	340,000	2.72	340,000	3.16	340,000	3.63
Revenue reserves	7,523,982	49.81	6,815,218	47.54	5,552,995	44.38	3,909,055	36.36	3,097,193	33.05
Total equity attributable to equity holders of the company	7,863,982	52.06	7,155,218	49.91	5,892,995	47.10	4,249,055	39.52	3,437,193	36.68
Non-controlling interest	69,048	0.46	49,582	0.35	49,085	0.39	41,182	0.38	41,882	0.45
Total equity	7,933,030	52.52	7,204,800	50.26	5,942,080	47.49	4,290,237	39.90	3,479,075	37.12
Non-current liabilities										
Interest-bearing borrowings	62,604	0.41	17,456	0.12	125,574	1.00	193,108	1.80	270,817	2.89
Other financial liabilities	-	-	-	-	-	-	71,454	0.66	200,411	2.14
Amounts due to other related companies	-	-	-	-	-	-	-	-	13,086	0.14
Deferred income	655,491	4.34	653,266	4.56	672,440	5.37	667,443	6.21	616,630	6.58
Deferred tax liability	1,102,838	7.30	992,118	6.92	444,120	3.55	462,162	4.30	415,361	4.43
Retirement benefit obligations	1,263,546	8.36	1,077,144	7.51	1,034,290	8.27	1,073,035	9.98	1,152,014	12.29
Lease liability	854,897	5.66	631,871	4.41	599,964	4.80	599,096	5.57	587,014	6.26
Total non-current liabilities	3,939,376	26.08	3,371,855	23.52	2,876,388	22.99	3,066,298	28.52	3,255,333	34.74
Current liabilities										
Trade and other payables	1,757,152	11.63	1,773,310	12.37	1,391,394	11.12	813,673	7.57	575,877	6.14
Lease liability	8,239	0.05	19,963	0.14	16,899	0.14	14,785	0.14	10,023	0.11
Amounts due to other related companies	130,341	0.86	80,200	0.56	82,753	0.66	90,199	0.84	130,512	1.39
Income tax payable	262,652	1.74	207,087	1.44	96,915	0.77	42,997	0.40	41,114	0.44
Interest-bearing borrowings payable within one year	53,458	0.35	110,097	0.77	137,861	1.10	159,454	1.48	186,233	1.99
Other financial liabilities	-	-	-	-	92,081	0.74	150,000	1.40	150,000	1.60
Short-term interest bearing borrowings	1,020,781	6.76	1,416,682	9.88	1,845,270	14.75	1,983,276	18.44	908,564	9.69
Bank overdraft	233	-	150,915	1.05	29,534	0.24	141,477	1.32	634,929	6.77
Total current liabilities	3,232,856	21.40	3,758,254	26.22	3,692,707	29.52	3,395,861	31.58	2,637,252	28.14
Total liabilities	7,172,232	47.48	7,130,109	49.74	6,569,095	52.51	6,462,159	60.10	5,892,585	62.88
Total equity and liabilities	15,105,262	100.00	14,334,909	100.00	12,511,175	100.00	10,752,396	100.00	9,371,660	100.00

Horizontal and Vertical Analysis

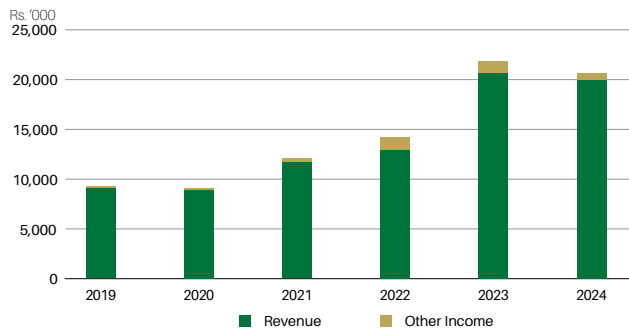
Statement of Profit or Loss

Horizontal Analysis	2023/24 Rs. '000	24 Vs 23 %	2022/23 Rs. '000	23 Vs 22 %	2021/22 Rs. '000	22 Vs 21 %	2020/21 Rs. '000	21 Vs 20 %	2019/20 Rs. '000	20 Vs 19 %	2018/19 Rs. '000
Revenue	19,968,249	(3.55)	20,704,226	60.18	12,925,850	9.91	11,760,469	32.00	8,909,174	(2.80)	9,166,118
Cost of sales	(16,925,211)	(0.71)	(17,045,866)	59.89	(10,661,213)	6.57	(10,003,835)	24.05	(8,064,217)	(1.64)	(8,199,034)
Gross profit	3,043,038	(16.82)	3,658,360	61.54	2,264,637	28.92	1,756,634	107.90	844,957	(12.63)	967,084
Gain on change in fair value of biological assets	3,405	(90.70)	36,592	125.78	16,207	83.35	8,840	(22.18)	11,359	(64.48)	31,979
Other income	210,098	(1.39)	213,062	(35.75)	331,637	136.40	140,284	46.13	95,998	(21.58)	122,413
Administrative expenses	(1,216,213)	22.96	(989,099)	12.68	(877,826)	23.88	(708,587)	4.47	(678,266)	10.21	(615,422)
Distribution expenses	(159,294)	70.92	(93,200)	57.59	(59,139)	139.08	(24,737)	(49.65)	(49,130)	(9.27)	(54,151)
Results from operating activities	1,881,034	(33.43)	2,825,715	68.65	1,675,516	42.91	1,172,434	421.27	224,918	(50.23)	451,903
Finance income	465,762	(50.74)	945,493	(1.60)	960,908	443.78	176,711	404.82	35,005	507.35	5,763
Finance expenses	(383,641)	(40.12)	(640,686)	8.93	(588,140)	83.47	(320,568)	57.61	(203,396)	46.69	(138,656)
Interest paid to Government on lease	(121,851)	35.61	(89,852)	8.11	(83,113)	2.54	(81,056)	2.22	(79,299)	4.48	(75,896)
Net finance income/(cost)	(39,730)	(118.48)	214,955	(25.79)	289,655	(228.79)	(224,913)	(9.20)	(247,690)	18.63	(208,789)
Share of profit from equity accounted investee	8,137	100.00	-	-	-	-	-	-	-	-	-
Deemed disposal gain on equity accounted investee	-	-	-	-	-	-	-	-	-	(100.00)	204,653
Profit/(loss) before tax	1,849,441	(39.18)	3,040,670	54.73	1,965,171	107.40	947,521	(4,260.98)	(22,772)	(105.09)	447,767
Tax expense	(666,609)	(30.04)	(952,826)	407.61	(187,707)	29.15	(145,336)	126.21	(64,247)	7.34	(59,854)
Profit/(loss) for the year	1,182,832	(43.35)	2,087,844	17.46	1,777,464	121.58	802,185	(1,021.85)	(87,019)	(122.43)	387,913

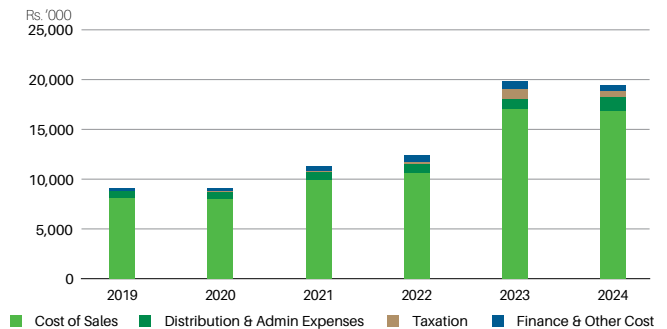
Vertical Analysis

	2023/24 Rs. '000	%	2022/23 Rs. '000	%	2021/22 Rs. '000	%	2020/21 Rs. '000	%	2019/20 Rs. '000	%
Revenue	19,968,249	100.00	20,704,226	100.00	12,925,850	100.00	11,760,469	100.00	8,909,174	100.00
Cost of sales	(16,925,211)	(84.76)	(17,045,866)	(82.33)	(10,661,213)	(82.48)	(10,003,835)	(85.06)	(8,064,217)	(90.52)
Gross profit	3,043,038	15.24	3,658,360	17.67	2,264,637	17.52	1,756,634	14.94	844,957	9.48
Gain on change in fair value of biological assets	3,405	0.02	36,592	0.18	16,207	0.13	8,840	0.08	11,359	0.13
Other income	210,098	1.05	213,062	1.03	331,637	2.57	140,284	1.19	95,998	1.08
Administrative expenses	(1,216,213)	(6.09)	(989,099)	(4.78)	(877,826)	(6.79)	(708,587)	(6.03)	(678,266)	(7.61)
Distribution expenses	(159,294)	(0.80)	(93,200)	(0.45)	(59,139)	(0.46)	(24,737)	(0.21)	(49,130)	(0.55)
Results from operating activities	1,881,034	9.42	2,825,715	13.65	1,675,516	12.96	1,172,434	9.97	224,918	2.52
Finance income	465,762	2.33	945,493	4.57	960,908	7.43	176,711	1.50	35,005	0.39
Finance expenses	(383,641)	(1.92)	(640,686)	(3.09)	(588,140)	(4.55)	(320,568)	(2.73)	(203,396)	(2.28)
Interest paid to Government on lease	(121,851)	(0.61)	(89,852)	(0.43)	(83,113)	(0.64)	(81,056)	(0.69)	(79,299)	(0.89)
Net finance income/(cost)	(39,730)	(0.20)	214,955	1.04	289,655	2.24	(224,913)	(1.91)	(247,690)	(2.78)
Share of profit from equity accounted investee	8,137	0.04	-	-	-	-	-	-	-	-
Profit/(loss) before tax	1,849,441	9.26	3,040,670	14.69	1,965,171	15.20	947,521	8.06	(22,772)	(0.26)
Tax expense	(666,609)	(3.34)	(952,826)	(4.60)	(187,707)	(1.45)	(145,336)	(1.24)	(64,247)	(0.72)
Profit/(loss) for the year	1,182,832	5.92	2,087,844	10.08	1,777,464	13.75	802,185	6.82	(87,019)	(0.98)

Profit or Loss Analysis (Income)



Profit or Loss Analysis (Expenses)



Non-Financial Highlights





Economic Performance

Employees (Rs. m)	Government of Sri Lanka (Rs. m)	Shareholders (Rs. m)
3,882	393	255

| Lenders of capital (Rs. m) | | |
| (268) | | |





Human Capital

Total new employee hires	Training head count	Training hours
2,052	41,594	79,255

| Training investment (Rs.) | | |
| 7,092,552 | | |





Intellectual Capital

Certified Rubber Sales Quantity (kg) - GOLS & FSC	Certified Rubber Sales % from Total Rubber Sales	Rubber Export Revenue (US\$)
636,446	25%	866,260



Natural Capital

GHG Emission
(tCO₂e)

9,988

Water treatment
(L '000)

42,967

Hydropower
generation (kWh)

7,316,978

Electrical intensity-
Tea (kWh/kg)

0.89

Solar power
(kWh)

146,605

Electrical intensity-
Rubber (kWh/kg)

0.41

Tree Planting
(Native)

30,908

Conservation Area
(Ha)

2,048

Tree Planting
(Commercial)

5,257



Social & Relationship Capital

New houses build
(# units)

56

Water schemes
(# units)

58

Sanitation - toilets
(# units)

129

Electrification
(# housing units)

195

Field rest room
(# units)

29

Eye care operations -
Cataract

07

Eye care -
Spectacles

87

Eye care -
Clinics

13

Oral Cancer
Programmes

58

AIDS awareness
programme

36

Dengue awareness
programmes

230

Gender based
awareness programs

73

Prevention of
Alcoholism programs

84

Home
Gardening

173

House hold cash
management program

71

Community
Centres (# units)

49

Training for Small
business Management

30

Vocational Training -Self
Employment

40

Chairman's Message

GRI 2-22



A belief that “We Can” make a difference and an intrinsic understanding of why “We Should” over the years ignited our many pioneering initiatives, which have become milestones in KVPL’s sustainable journey and now propel us to new heights.”

Dear Stakeholder,

It gives me great pleasure to share with you the Integrated Annual Report and Audited Financial Statements of Kelani Valley Plantations PLC for the financial year ended 31st March 2024.

Performance in Context

Following KVPL’s record-breaking performance in the previous year, I am happy to report that this year marks the second-highest revenue and profitability in the Company’s history. Despite a marginal decline in revenue by 4% due to the appreciation of the Sri Lankan Rupee against the US Dollar, our profits reached Rs. 1.1 B, driven by higher Tea crop yields, effective cost management and the Company’s relentless focus on sustainable agriculture practices. KVPL’s marketing arm Mabroc Teas (Private) Limited was once again the largest contributor to the Tea sector, accounting for 63% of Group Revenue.

Sri Lanka's economy embarked on a path to recovery in 2023, recording an expansion in the second half of the year following six consecutive quarters of contraction. Hence, GDP recorded only a moderate contraction of 2.3% for the entire year; in comparison to a contraction of 7.3% in 2022 following the harshest economic downturn that the country suffered that year.

The Agriculture sector marked a much-needed recovery with a 2.6% growth in value addition, marking a significant turnaround from the 4.2% contraction in 2022, mainly driven by improved supply conditions, especially fertilizer, other agro chemicals and fuel.

Sri Lanka's Tea production decreased marginally during the year by 1.7% over the previous year reflecting prolonged implications of the ban on chemical fertilizer, escalating implications of climate change and the acute shortage of labour. Average auction prices declined by 10% in Rupee terms in line with to the depreciation of the US Dollar. KVPL maintained its position as a leading price taker in the auction, fetching the second highest prices for its Tea at the Colombo Auctions, for the sixth consecutive year.

Sri Lanka's export earnings from Tea grew by 4.1% over the previous year although export volumes declined by 3.3% (a decline of 8.26 m kg). It is encouraging that the annual FOB prices increased reflecting a distinct preference for Ceylon Tea.

Sri Lanka's overall Rubber production decreased by 9.1% mainly owing to the effects of the ongoing Circular Spot Leaf Decease (PESTA) (which has been impacting the Rubber crop for the past two years) and inclement weather until October. Accordingly, KVPL's Rubber production also continued to decline by 12% and its Average Rubber prices also declined by 10% as KVPL's rubber growing areas were amongst the most affected by the PESTA decease.

Sri Lanka's export earnings from rubber declined by a sharp 32.2% during the year mainly due to the production shortfall. In Rupee terms export earnings declined by 12% once again with the appreciation of the Rupee vis a vis the US Dollar.

Dividend

KVPL continued to deliver on its shareholder commitments, declaring an interim dividend of Rs. 3.75 per share.

Accolades

The accolades we received in recognition of a diverse array of attributes and achievements across all aspects of our operations continue to reinvigorate our "will" to keep raising the bar for ourselves and the industry. It is particularly heartening that KVPL was identified by its people as a "Great Place to Work" for the third consecutive year, becoming the first RPC to earn this certification in back-to-back years. Additionally, KVPL was honored as "Most Outstanding Women Friendly Workplace 2023" by CIMA Satyn Women Friendly Workplace Awards. This award is particularly meaningful in a workplace where women account for more than 54% of its human capital.

Moreover, KVPL was recognized at UN Volunteer Awards 2023 for its outstanding volunteerism towards community, social engagement and environmental responsibility. Notably, KVPL stood out as the sole private sector entity acknowledged by the United Nations during the commemorations of United Nations Volunteer Day celebrations.

The complete list of awards is listed elsewhere in this report.

Harvesting the Fruits of Our ESG Sustainability Initiatives:

Integrating environmental and social sustainability at KVPL, began decades ago, and long before it became a buzz word as it is today. A belief that "We Can" make a difference and an intrinsic understanding of why "We Should" over the years ignited

our many pioneering initiatives, which have become milestones in KVPL's sustainable journey and now propel us to new heights.

Amongst our many pathbreaking initiatives is the flagship "Home for Every Plantation Worker" – a holistic and multi-faceted social capital initiative launched in 2006. This year will see us launch another pioneering initiative, "The Halgolla Biodiversity Research Centre" an intellectual tourism model- which over the past two years was designed to convert our passion to conserve nature into a classic Triple Bottom Line model. With its potential to foster eco-tourism and research, The centre would serve as a nexus of scientific inquiry and environmental stewardship and would create economic value by generating foreign exchange income and generating livelihood opportunities for the local communities.

During the year under review, KVPL also embarked on a significant endeavor in its ongoing pursuit of sustainable Agriculture and the Triple Bottom Line. Building upon an initiative spearheaded in 2022 by The Embassy of the Kingdom of the Netherlands in Sri Lanka and the Netherlands Enterprise Agency (RVO), KVPL took a step forward by exchanging a Letter of Intent with RVO for "Agroforestry on Tea and Coconut Plantations in Sri Lanka".

Building on the foundation laid over the past two years, of establishing structure for the implementation of KVPL's ESG strategies; the year under review saw the Company give priority to ESG knowledge enrichment and to Collaborative endeavors to unlock greater synergies in value creation taking strides towards the United Nations Sustainable Development Goals. As a member of Hayleys Group, KVPL's ESG strategies are also aligned with the Hayleys Group's ESG objectives and strategies presented in the "Hayleys Life Code".

Chairman's Message

Governance

At KVPL, we hold firm to the belief that governance isn't just a necessity but a guiding principle that shapes our journey towards sustained value creation for all involved. As a member of Hayleys Group, the Boards of both Hayleys and KVPL set the tone at the top by promoting integrity, transparency and corporate values that cascade down to all levels of the organisation. We also recognise that embracing best practices in governance is a dynamic process, one that necessitates constant evaluation, benchmarking, and enhancement to adapt to evolving needs.

Moreover, the composition of our Board reflects our dedication to transparency and accountability. KVPL Group adhered to the key changes to the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange. KVPL appointed a Senior Independent Director (SID) with effect from 1st November 2023. Two Independent Non-Executive Directors and one Independent Director were also appointed during the year bringing the total Board membership to ten; facilitating diverse perspectives that enrich our strategic deliberations and decision-making processes. During the year, the Company also adopted the Bribery and Anti-Corruption Policy and Shareholder and Investor Communication Policy of Hayleys PLC which was launched during the year.

Board Changes

I warmly welcome, Mrs. S. Amarasekera PC, Mr. M.C.B Talwatte and Mr. S.P. Peris who joined the Board during the year. Additionally, Mr. N. Ekanayake who served as an Independent Non-Executive Director was designated as Senior Independent Director to meet the criteria of the new regulations of the CSE.

We look forward to the valuable insights and contributions that Mrs. Amarasekera PC, Mr. Talwatte, Mr. Peris, and Mr. Ekanayake, with their extensive knowledge, experience and expertise will undoubtedly bring to our Board deliberations.

Strategies and Outlook

While short-term challenges are inevitable, we remain optimistic that the economy will gain momentum over the medium-term. The return to a trajectory of growth in the latter half of the year, a decline in inflation and an easing monetary policy stance which commenced in 2023, fuel our optimism that the stabilization measures will continue to rekindle economic activity in the year ahead. The continuation of the Extended Fund Facility by the IMF, coordinated policy interventions and reform will be key determinants to reaffirm the path to recovery.

The Tea and Rubber Plantations sector plays a vital role in Sri Lanka's economy, contributing over 11% to the country's foreign exchange earnings, employing over 2.5 m. either directly or indirectly and accounting for the livelihoods of as much as 10% of Sri Lanka's population. As we have articulated before, the sector contends with a multitude of challenges that impacts its medium to long term commercial sustainability and value creation. The Group's plantations sector has been proactive and steadfast in its efforts to find solutions to meet these challenges. KVPL's multifaceted environmental and social endeavors, guided by robust ESG strategies, exemplify this commitment.

Several critical challenges at present threaten the commercial sustainability of Sri Lanka's plantations industry; these include high cost of production, the persistent out-migration of labor with an annual decline of 10-15% in the plantation labor force, comparatively lower soil productivity, land degradation and dwindling land extents, which have weakened Sri Lanka's global market competitiveness.

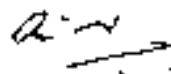
In response to these challenges, KVPL has implemented several strategic initiatives. These include expanding its brand presence in the Sri Lankan market and entering the specialty tea segment with innovative product lines to adapt to evolving consumer preferences. The Revenue Share Model is one which we continue to actively promote

as a win-win solution to generate higher incomes for all stakeholders, and improve productivity whilst empowering workers. Moreover, KVPL is committed to diversifying crops and enhancing productivity by adopting the Agroforestry model, particularly on previously unproductive land. Despite obstacles posed by the PESTA disease affecting the Rubber sector, KVPL is actively engaged in research and technological advancements to boost productivity. Additionally, KVPL seeks to address challenges in the Rubber sector by ascending the value chain, exploring new markets, and catering to high-end branded products.

Appreciation

As we step into another year, I wish to express my heartfelt gratitude to my colleagues on the Board for their invaluable contributions and unwavering support in guiding the Company towards achieving outstanding performance across all fronts. I extend my deepest appreciation to the entire team of dedicated employees, under the exceptional leadership of our Group Managing Director, whose talents, relentless efforts, and steadfast commitment consistently expand the horizons for the Company.

I would also like to acknowledge our customers and all stakeholders who play integral roles in our journey. Their trust and confidence in us serve as constant reminders of our collective capability to overcome challenges and realize our aspirations. Their unwavering support not only reinforces our belief in "We Can" but also underscores the importance of why "We Should" continue to strive for excellence in all that we do.



A. M. Pandithage
Chairman

10 May 2024

Managing Director's Review



Together, we are committed to ensuring that "We Will" persistently enhance the value we create, not only in terms of profit but also in our impact on people and the planet.



Dear Stakeholder,

I'm pleased to share KVPL Group's performance which marked its second highest Revenue and Profitability, following a record high in the previous year. Despite an increase in Tea crop output, the Group's Revenue was affected by declining prices in Rupee terms for both Tea & Rubber, owing to the appreciation of the Rupee against the US Dollar. The Rupee recorded gradual strengthening from the last quarter of the previous financial year, appreciating by 17% until 31, March 2024, leading to reduced prices for both Tea and Rubber. While the decline in Revenue translated to a 39% reduction in profits, the Group remained resilient supported by effective cost management and excellence across all operational aspects as is discussed across our Annual Report.

The Tea segment remained the main contributor to Group's Revenue accounting for 90% whilst the Rubber segment contributed 9%. Mabroc Teas (Private) Limited was the major contributor to the Tea revenue with a share of 69% during the year.

It is heartening that KVPL continued to achieve the second highest Gross Sales Average (GSA) amongst Tea Producers for the sixth consecutive year, reflecting our focus on producing a quality Tea and a refusal to compromise on quality despite the escalation in costs of production which reached Rs. 1,054 per kg.

Managing Director's Review



Subsidiary Performance

Our marketing subsidiary Mabroc Teas recorded its highest volumes since inception although Revenue declined due to the appreciation of the Sri Lankan Rupee against the US Dollar. Despite a marginal decline in Revenue to Rs.12.5 B (from Rs.12.6 B), Mabroc sustained its position as the third largest bulk exporter from the country. The Company's Gross profits increased by 3.7% to Rs. 1.6 B, compared to Rs. 1.5 B the previous year whilst PBT decreased by 33.8% to Rs. 665 m, mainly due to a normalisation of exchange gains generated in the previous year.

The year under review saw Mabroc achieve two significant milestones in its geographical diversification and market expansion endeavors. Firstly, it forged a strategic partnership to access markets in Poland and other European regions, enabling direct placement of our value added Teas on supermarket shelves in Poland. Additionally, the Company ventured into trading operations in Kenya, facilitating the trade of teas from Kenya, Rwanda, Malawi, and Tanzania to be exported as bulk teas to Europe.

It is noteworthy that Mabroc has maintained its position as Sri Lanka's largest exporter of tea to China and Taiwan, recognizing these markets as having the highest growth potential for tea. Consequently, the Company's R&D efforts have been directed towards product development tailored to these markets. Investments have been made in infrastructure and the acquisition of human resources with specialized experience in the Chinese market, reflecting our commitment to capitalizing on these lucrative markets.

Tea Sector

Sri Lanka's Tea production decreased marginally during the year by 1.7% over the previous year reflecting a struggle to recover from the ban on chemical fertilizer

and escalating impacts of climate change. High Grown Tea production increased by 5% while both Mid Grown Tea and Low Grown Tea production declined by 0.5% and 1% respectively.

Average auction prices declined by 10% in Rupee terms due to the depreciation of the US Dollar. National Average for the year ended at Rs. 1,171.29 decreasing by Rs. 62.95 in Rupee terms and by 25 cents in US Dollar terms, compared to 2022. However, Colombo Tea Auction prices continued to be the highest amongst auction centers in the world reflecting the demand for the attributes and quality of Ceylon Tea.

Rubber Sector

Rubber production continued to decline in 2023 for the third consecutive year largely due to the impacts of the Pestalotiopsis (PESTA) disease, combined with effects of adverse weather conditions. Sri Lanka's Rubber production declined by 9.1% to 64 m Kg during the year.

Sri Lanka's export earnings from Rubber declined by a sharp 27% during the year mainly owing to the production shortfall. In Rupee terms export earnings declined by 8.66% once again owing to the appreciation of the Rupee vis a vis the US Dollar.

The prices for Crepe and RSS Rubber both continued to rise as the year progressed. Following both Crepe 1X and RSS 1 trading at Rs. 573 and Rs. 464 respectively at the start of the year, prices for crepe 1X rose to Rs. 760 and RSS 1 to Rs. 690 per kg at year end. The other grades showed a similar pattern.

Our intensified efforts in crop diversification are reflected by the numbers below:

Additions to Replanting during the year (Biological Assets)	
	Rs.
Rubber	112,903,664
Cinnamon	10,990,878
Coconut	40,682,556
Coffee	39,201,231
Fuelwood	1,344,992
Other	17,086,149

Deriving and driving value, linking people, profit and planet

In the wake of instituting a robust ESG sustainability framework previous year, our efforts in the reporting year centered on enriching and diversifying the Company's reservoir of ESG knowledge, recognizing its pivotal role in sustaining and enhancing value generation. Our strategic ESG efforts this year also led to unlocking greater interconnectivity in value creation between capitals, thus harnessing synergies and creating more measurable impacts on our financial capital.

Emphasizing the significance of knowledge dissemination and collaboration, KVPL spearheaded the inaugural International Sustainable Plantations Summit in Sri Lanka, in 2023. Drawing the participation of over 700 attendees from 26 nations, this milestone event also holds the distinction of being the world's first Carbon Neutral summit organized by a plantation sector entity.

During the year, two pioneering initiatives, which convert our passion for nature conservation and sustainable agriculture, into a Triple Bottom Line, the Biodiversity Research Tourism Project and the Agro Forestry Programme, made rapid progress. The former is scheduled for launch by this year-end, while the Netherlands funded Agroforestry Pilot Project yielded its inaugural harvests of "Halgolla Rare" Tea and "Wild Coffee". As this project progresses, KVPL will monitor its impact, collaborate with local communities and experts, reach new export markets with products, integrate social value creation and community upliftment and share learnings and best practices with the wider agricultural sector.

KVPL also continued its endeavors towards cleaning and conserving the We Oya catchment areas through the Kelani Valley Protectors Initiative (KVPI), aligning with the Government's "Surakimu Ganga" initiative. Recognizing the vital role of Sri Lanka's water resources in sustaining life, KVPI initiated this endeavor in 2021 in collaboration with various stakeholders. During the year, we bolstered the sustainability of this program by forming partnerships with external parties committed to conserving the areas.

We continue to reiterate the numerous challenges that face Sri Lanka's plantations sector, which can impact its sustainability in the medium-to-long term. Addressing these challenges require concerted effort by all stakeholders. Hence, our emphasis on developing and seeking solutions to meet these challenges head on is ongoing.

Technology is a key enabler in addressing these issues such as high cost of production, out migration of labour, especially amongst the Generation Z; and low productivity of land and climate change. Building on the successful implementation of digital weighing scales on our tea plantations in 2014, this year marked another milestone as we became the pioneering plantation company to introduce a digital weighing system for rubber tapping operations. With the integration of online real time data, the performance of manual tea harvesters and rubber tappers are now tracked digitally using a weighing scale mechanism. Furthermore, our effective home grown solution of installing rain guards on rubber trees to increase the tappable days and crop, continued to improve yields and productivity.

Whilst augmenting technology with our flagship projects, we passionately drive forward essential endeavors to tackle the evolving challenges and secure the long-term prosperity of people, profit, and planet. These efforts encompass crop diversification, now reinforced by the Agroforestry model. We also actively advocate for the Revenue Share Model and maintain a steadfast focus on diminishing our Carbon footprint, with the overarching goal of achieving Carbon neutrality by 2050. Additionally, we actively participate in climate action initiatives and mobilize community engagement through educational campaigns on climate change and the critical importance of collective action to mitigate.

KVPL has also continued its "Buy Back of Weeds" program, an innovative solution introduced to address the challenge of weedicide unavailability during its prohibition in 2021. It provides an opportunity for estate communities to earn an extra income by removing weeds during their non working hours to sell them to

the Company for use as organic fertilizer. Additionally, the manual weeding process offers added benefits by stimulating the surface feeder root system of the tea bushes, enhancing their intake of nutrients from the soil and ultimately boosting bush productivity. The scheme has proven to be a win-win solution for the Company, the resident population as well as the environment.

People

We are most inspired by the resounding endorsement from our employees, of naming KVPL as 'A Great Place to Work' for the third consecutive year, with benchmark results, becoming the first RPC to earn this certification in back to back years. Additionally, KVPL was honored to win the women friendly workplace Award 2023 by CIMA Satyn Women Friendly Workplace Awards. This award is particularly meaningful in a workplace where women account for more than 54% of its human capital.

Such acknowledgment is especially uplifting, underscoring our commitment to fostering an inclusive and supportive work environment for all employees, regardless of gender, encouraging us in our efforts towards achieving gender parity.

Considering the unique responsibility that we as a plantation company have, not just for our 7,600+ employees but their families; our strategies to enhance the value of our Human Capital is also interwoven with upliftment of communities. Community capacity building, infrastructure enhancement, and youth empowerment at our locations; while strengthening our relationship with the communities in which we operate.

Complementing our array of ongoing initiatives, during the year we also began the construction of low-cost 'Hygiene Stations' crafted from eco-friendly bamboo in selected locations across our tea fields; to afford better hygiene standards and well being and convenience to our employees benefitting female employees in particular, and also donated spectacles to employees identified through estate wide eye screening camps.

The Company's focus this year, on enriching its repository of knowledge for ESG sustainability included ongoing as well as new initiatives for our entire team of 7,600, spanning the leadership to the field and factory employee. Our ESG Sustainability Framework, internally branded as "KVPL's Corporate DNA", has established systems and processes to align our HR initiatives with the Group's ESG goals as well as KVPL's commitment to the UN SDG goals and the UNGC's 10 Principles; Our HR initiatives also prioritized collaborative partnerships with academia and research organizations with the objective to derive and enhance value for mutual benefit and to harness the potential of our human capital and expand the horizons of what 'We Can' achieve.

The challenging socio-economic environs of the past few years have required some novel responses to support our people. The sharp escalation in cost of living over the last year prompted us to help our workforce earn higher incomes whilst balancing the need for our enterprise to remain sustainable and profitable in the medium to long term. Wage increases which are not linked to productivity, as we have repeatedly articulated are to the detriment of the medium term to long term sustainability of the industry. Such wage increases would result in the unsustainability of the plantations; ultimately have severe negative impact on the national economy, the plantation industry and the livelihoods of thousands of communities who rely on the industry. Thus, encouragement of small scale businesses to supplement family incomes and the promotion of the Revenue Share Model as a win-win for both Company and its employees and their local populace are some of KVPL's ongoing initiatives.

Looking ahead

KVPL expects the demand for Tea and Rubber to remain relatively unchanged in the mid-to-long term. Global Tea output is projected to increase by 1.5% to 3% in 2024 and 2025, which is far below a historic average of an annual 4.4%, but forecasts are subject to a high degree of uncertainty due to a probable El Niño and the unknown factor of its intensity.

Managing Director's Review

Although global fertilizer prices are reported to have eased sharply in 2023, it still remains high by historical comparison. We would hence continue to look to offset high input costs. We will also look to adopt drone technology for broadening applications such as large scale spraying of fertilizer and chemicals.

By embracing innovation and adopting a proactive approach to sustainability, the plantations sector will not only weather the storms but also emerge stronger and more resilient, to sustain its role in Sri Lanka's economy.

As we pause to reflect on our journey thus far, it is clear that our commitment to conversing nature has evolved from a mere aspiration to a thriving business model. The rich tapestry of flora and fauna unearthed through our surveys bears testament to Sri Lanka's natural heritage and inspires us to continue our mission with added enthusiasm.

We look to this unfolding year with much enthusiasm and anticipation for the launch of the novel "Biodiversity Research Tourism Project. Beyond its environmental dividends, the venture holds immense promise for economic growth and community empowerment and to place Sri Lanka on the world map for Biodiversity research centers. By attracting eco-tourists and international researchers, we anticipate a considerable influx of foreign exchange and employment opportunities for local residents. Partnering with IUCN, we are committed to leveraging their global network to promote awareness and collaboration, amplifying the impact of our collective efforts.

Through agroforestry we will look to rejuvenate soil productivity and bolster the economic viability of these landscapes by mitigating risks associated with monoculture while tapping into new market segments by diversifying our product offerings. By harnessing the natural synergies between different plant species, the agroforestry model endeavors to improve soil health, mitigate climate change impacts, and enhance biodiversity, all while fostering sustainable livelihoods for local communities. This strategic alignment of environmental benefits

with income generating activities holds immense promise for rural communities dependent on plantation agriculture and hence, for the sustainability of the tea plantations. Through agroforestry, KVPL envisions a holistic approach to land use that not only improves soil health and Biodiversity but also mitigates climate change impacts and promotes sustainable livelihoods. By combining ecological conservation with income generation, this initiative aligns with KVPL's commitment to pursuing sustainable development while creating shared value for all stakeholders.

Furthermore, we are committed to nurturing and developing the KVPL brand within the Sri Lankan Tea market, solidifying our presence and reputation as a trusted provider of high quality agricultural products. Concurrently, our entry into the specialty Tea market through innovative product lines will enable us to capture niche markets and cater to evolving consumer taste.

KVPL will actively pursue the "Revenue Share Model" with renewed vigour as a strategic, win-win solution to address many of the challenges we have repeatedly articulated. The model empowers daily wage earners to increase their earning by enhancing their productivity in the plots they hold responsibility for and thus fosters self motivation to achieve higher incomes for themselves.

As the global landscape evolves, there's a noticeable increase in the expectations of overseas customers and stakeholders regarding companies' commitments to social and environmental standards. KVPL as one of the most certified RPCs in the country, having pioneered many, finds itself strategically positioned to address this growing demand by not only strengthening ongoing commitments but by adapting to new expectations. We recognize a multitude of opportunities for fostering win-win value propositions that uphold sustainability principles.

In response to the challenges faced by the Rubber sector, including declining price competitiveness and stagnant demand, the Group has embraced a strategic shift towards ascending the value chain. KVPL remains committed to this strategy by continuously

expanding its range of high-end branded products for direct export. In December of last year (2023), KVPL engaged potential customers through participation in numerous exhibitions and fairs where we showcased our premium natural rubber offerings, including Sole Crepe and Latex Crepe No. 1. The reception surpassed expectations, leading to a surge in new clientele and substantial orders; auguring well for advancing this strategy of value addition and direct export of our rubber.

As we navigate the complexities of modern agriculture, we remain steadfast in our commitment to sustainability, recognizing that the protection and enhancement of our natural resources and communities are not just imperatives for our business but essential contributions to the greater good of our nation.

Conclusion

I would like to convey my heartfelt appreciation to our Chairman Mr. Mohan Pandithage, and my colleagues on the Board for their guidance, unstinted support and the confidence placed in me. My sincere appreciation also to the Senior Management Team and 7,600 individuals for their tireless commitment, and exceptional talents. It is their collective efforts that continuously reaffirm our belief in the power of "We can," propelling us to ascend as an industry leader, resilient even in challenging times.

My sincere thanks also to our customers, suppliers, business partners, shareholders and other stakeholders. Your unwavering support serves as a constant inspiration, compelling us to continually raise the bar for ourselves and the industry as a whole. Together, we are committed to ensuring that "We Will" persistently enhance the value we create, not only in terms of profit but also in our impact on people and the planet.



Roshan Rajadurai PhD, D.Sc.
Managing Director

10 May 2024

We Can Should Will

Foster a harmonious coexistence



Ensuring long term strategies that helps us work in close connection with our surroundings, adding value and leaving it better than the original

Strategy and Focus

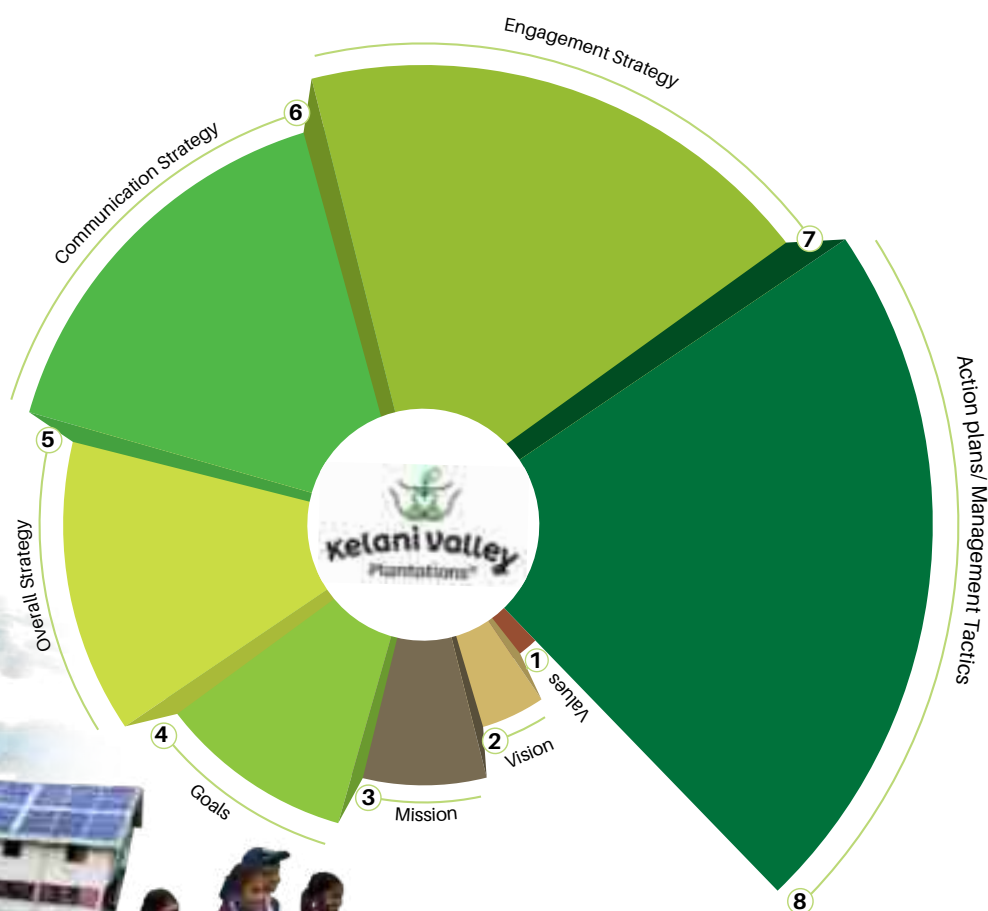
Stakeholder Engagement

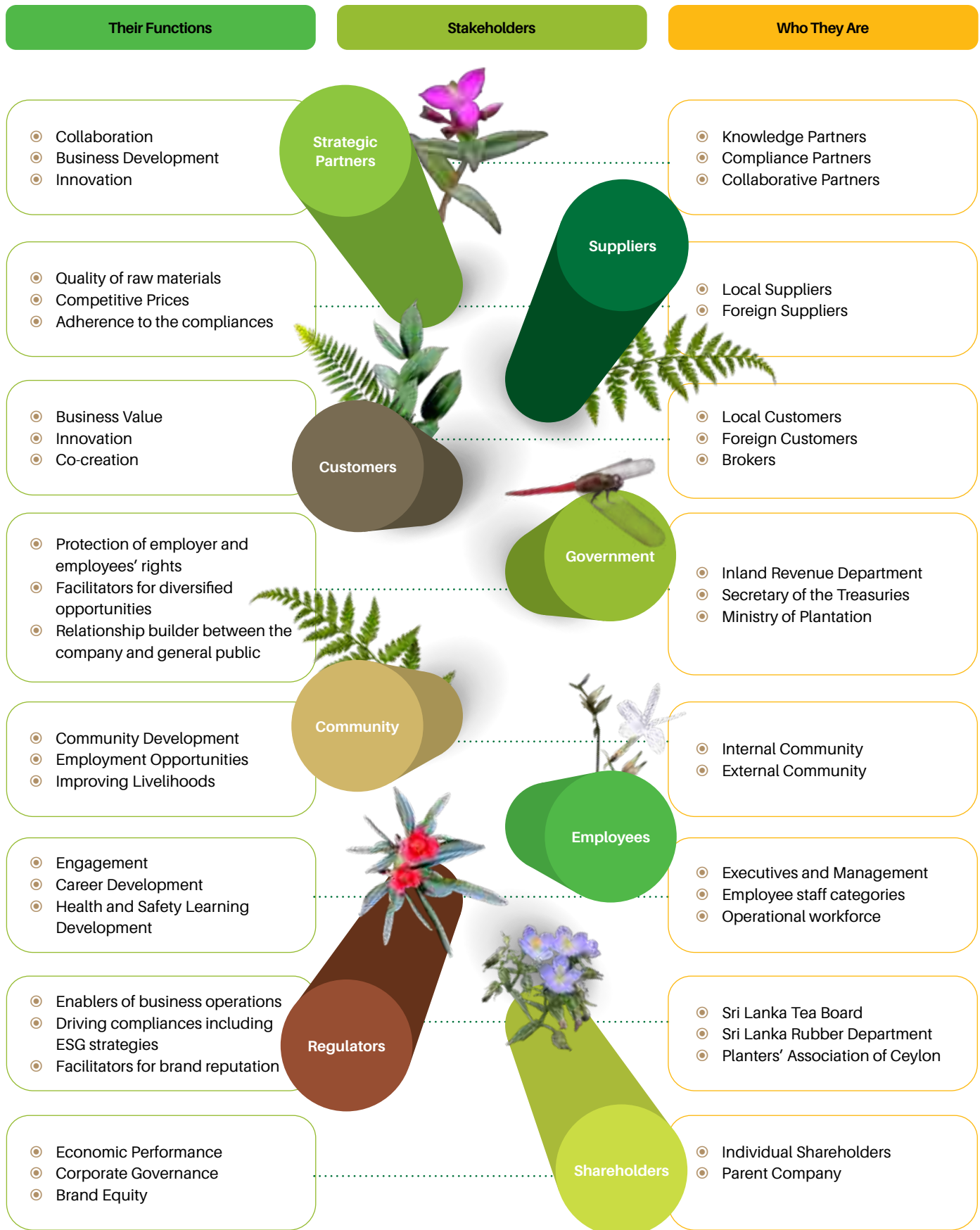
GRI 2-29

At the heart of KVPL's value creation framework lies its stakeholders, serving as foundational pillars by providing vital capital inputs. Recognizing their significance, the Company places a premium on cultivating strong relationships with stakeholders, continually striving to grasp and meet their needs, and exceeding expectations wherever feasible. This proactive engagement isn't merely about identifying risks, challenges, and opportunities; it's also about enhancing credibility through open and transparent communication channels.

List of Stakeholder Groups

KVPL's multi-stakeholder engagement framework meticulously outlines the list of stakeholders involved, defining their individual roles and how they contribute to the corporate value creation process.



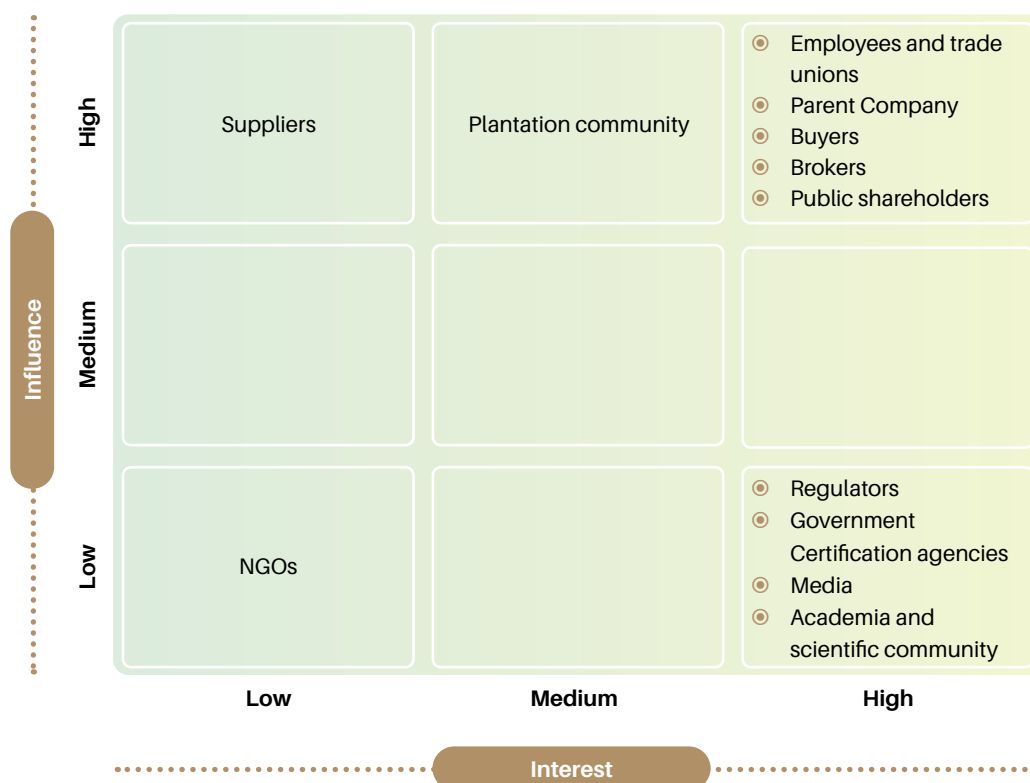


Strategy and Focus

GRI 2-30, 13-21

Collective Bargaining, Agreements

Within KVPL's workforce, collective bargaining agreements cover 99% of manual and non-executive employees (excluding executives), ensuring comprehensive representation and protection for the majority of personnel.



Identifying and Selecting Stakeholders

GRI 2-29

Stakeholder groups are prioritized according to both their level of influence on KVPL and their level of interest in the Company.




Creating Meaningful Relationships with Stakeholders

Effective communication plays a pivotal role in ensuring that our stakeholders comprehend the motives, objectives, and strategies guiding our actions. It is through this understanding and transparent exchange that we cultivate sustained support from stakeholders, thereby driving value creation. Utilizing a diverse array of communication channels tailored to each stakeholder group, we prioritize clarity and sensitivity in our messaging. Particularly with key stakeholders such as employees, suppliers, business partners, customers, and residents within our plantation communities, we recognize that the manner in which we communicate is equally as important as the content we convey.






Approach to stakeholder engagement

● Annual ● Monthly ● Quarterly ● On request ● Committed ● Regular

GRI 2-29

Stakeholder Category	Positioning in Corporate Landscape	Measurables/ KPIs (Expected Outcomes)	Mode of Engagement	Frequency						GRI Representation				
				1	2	3	4	5	6					
<div>Employees</div> <div></div>	Internal	<ul style="list-style-type: none">Career progression and successionFair benefits & remunerationTraining and educationSkills & competency developmentHealth, safety and well-beingEmployee retention & rewardingQuality of work-life	Employer- Employee discussion days						●	<div>GRI 13.20</div>				
			Oracle HCM evaluation			●								
			Grievance mechanism							●	<div>GRI 13.20</div>			
			Digital, global, technical, ESG, mindfulness and youth learning series		●						<div>GRI 13.20</div>			
			Company newsletter - “Hayplan” and Hayleys “Connect” magazine			●					<div>GRI 13.20</div>			
			Medical facilities, Day care centers, Home gardening, “Seal” initiative							●	<div>GRI 13.19</div>			
			Estate and Corporate review meetings, CEO’s performance meeting							●	<div>GRI 13.20</div>			
			Long-service Awards	●							<div>GRI 13.20</div>			
			KVs together - Annual employee gathering	●							<div>GRI 13.20</div>			
			Best Harvester competition	●							<div>GRI 13.20</div>			
			Knox by KV’s & Estate staff appreciation dinner	●										
			<div>Community</div> <div></div>	Internal/ External	A Home For Every Plantation Worker	Community capacity building						●	<div>GRI 13.19</div>	
						Youth Empowerment				●				<div>GRI 13.20</div>
						Living environment							●	<div>GRI 13.20</div>
Health & nutrition										●	<div>GRI 13.20</div>			
Community learning & education										●	<div>GRI 13.20</div>			
community health & wellbeing										●	<div>GRI 13.19</div>			
Support for green economy								●			<div>GRI 13.20</div>			
External community relationships										●	<div>GRI 13.20</div>			
Corporate value sharing								●			<div>GRI 13.20</div>			
<div>Shareholder</div> <div></div>	Internal	<ul style="list-style-type: none">Sustainable & favourable financial performancesSustainable ROIEthical & transparent reportingStrategy and business diversificationSustainability framework/ Sound ESG initiativesStable business growth & responsible resource management	Corporate website/ PR campaign and Social media						●	<div>GRI 13.20</div>				
			Annual Report/ AGM	●							<div>GRI 13.19</div>			
			Financial compliances and reporting							●	<div>GRI 13.20</div>			
			Reviews and Shareholder meetings			●					<div>GRI 13.20</div>			
			Newsletters			●					<div>GRI 13.20</div>			
											<div>GRI 13.20</div>			

Strategy and Focus

Stakeholder Category	Positioning in Corporate Landscape	Measurables/ KPIs (Expected Outcomes)	Mode of Engagement	Frequency						GRI Representation
				1	2	3	4	5	6	
Regulators 	External	<ul style="list-style-type: none"> Monitoring of workplace safety and environmental issues. Evaluating and monitoring the compliances of product, quality and supply chain procedures. 	Progress reviews	●		●				GRI 13.19
			Annual Reports and other compliance reports	●						GRI 13.20
Government 	External	<ul style="list-style-type: none"> Compliance with set laws and regulations Financial and/or operational controls. 	Collective agreements, state agreements and other financial/ compliance reports				●			GRI 13.20
				●						GRI 13.20
Customers 	Internal/ External	<ul style="list-style-type: none"> Product quality testing Timely delivering Customer engagement Adherence to ESG - Sustainability compliances 	Annual reports/ Newsletters/ websites				●			GRI 13.20
			Annual SDG Report					●		GRI 13.19
			Annual Report					●		
			Customer engagement platforms					●		GRI 13.20
Suppliers 	External	<ul style="list-style-type: none"> Quality of the raw materials Competitive prices Supplier survey Adherence to ESG - Sustainability compliances 	Annual reports/ company website					●		GRI 13.20
			Supplier reviews and engagement platforms						●	GRI 13.20
			Annual report						●	
								●		GRI 13.20
Strategic Partners 	External	<ul style="list-style-type: none"> Research and development, scale of advance and new knowledge transfer Level of alignment for market competition with the culture of innovations and creativity Maintaining sustainability on Non-conformity with standards Evaluation of produce and market alignment Fostering best industrial relationship mechanism 	Research placements/ internship programmes/ research publications and knowledge sustainability approaches						●	GRI 13.19
			Market reviews/ competitor analysis reports/ competitor engagement mechanisms						●	GRI 13.20
			Regular reviews/ audits/ continuous awareness					●		GRI 13.20
			Market reviews/ Broker engagement & communication mechanisms						●	GRI 13.20
			Appeal for the productive wage model/ Employer - Employee discussion days/ regular reviews/ grievance handling mechanism					●		GRI 13.20

Entities included in the consolidated financial statements

GRI 2-2

A list of all entities included in the organization's consolidated financial statements or equivalent documents are included in this report .:

- Kelani Valley Resort
- Mabroc Teas
- Kalupahana Power Company

Materiality Assessment

GRI 3-1

Defining Report Content and Topic Boundaries

The selection of material topics and the establishment of topic boundaries were carefully considered, taking into account the disclosure requirements outlined in various frameworks and regulations, including:

1. The GRI Universal Standards 2021 and GRI 13 Sector Standards
2. The International Integrated Reporting (IR) framework of 2013
3. United Nations Global Compact (UNGC) Communication of Progress (COP) requirements
4. United Nations Sustainable Development Goals (UNSDGs)
5. The Companies Act of 2007
6. Listing rules of The Colombo Stock Exchange (CSE)
7. The Code of Best Practice on Corporate Governance for public listed companies, jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.

By aligning our material topics and boundaries with these frameworks and regulations, we ensure comprehensive and transparent reporting that addresses the most relevant issues impacting our stakeholders and our business.

Complying with Reporting Principles

Due to the sustainability reporting frameworks and regulatory compliances, the sustainability context has been integrated into the report. The contents have been selected according to materiality to both the Company and key stakeholders and we have attempted to present complete information wherever possible.

In terms of quality principles, financial statements of the Company have been audited by Chartered Accountants, and regular internal audits are conducted throughout the year. All other information has been reviewed and approved by relevant senior managers to ensure maximum reliability. Two years of comparative quantitative data has been provided in most cases as required by the GRI Standards.

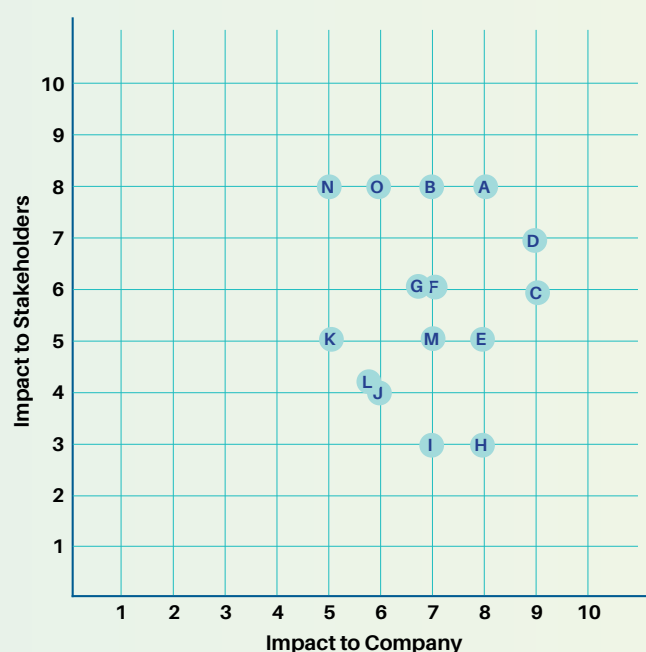
The process of selecting topics material to the Company and stakeholders is given below.

The Determining Material Matters

Integrating sustainability reporting frameworks and regulatory requirements, our report embeds sustainability context throughout its contents. We've meticulously selected material based on its significance to both the Company and key stakeholders, striving to present comprehensive information wherever feasible.

Adhering to quality principles, the Company's financial statements undergo rigorous audits by Chartered Accountants, supplemented by regular internal audits conducted throughout the year. Additionally, all other information undergoes thorough review and approval by relevant senior managers to ensure maximum reliability.

In accordance with GRI Standards, we furnish two years of comparative quantitative data wherever applicable. Outlined below is the transparent process employed in selecting topics material to the Company and stakeholders:



Material topics

- A** Financial stability and economic value sharing
- B** Innovations, Capacity development and future readiness
- C** Taxation and Cost Management
- D** Climate actions and Responses
- E** Carbon footprint (Energy and Emissions)
- F** Ecological Impacts, Water and Biodiversity
- G** Effluent and Waste
- H** Attraction and retention of top talent, upskilling and employee development
- I** Health, Safety and Well-being
- J** Community engagement and Stakeholder networking
- K** Resource Utilisations and Material consumption
- L** Ethics, Good Governance and Compliances
- M** Business values and Brand reputation
- N** Responsible Business and Procurement Process
- O** Anti-corruption and Anti-competitive behaviour

Materiality Assessment

Our Material Matters

Materiality themes: For better clarity we have grouped the identified material topics into four themes aligned to our EESG framework, as listed below:

- Economic Topics
- Environmental Topics
- Social (People & Community) Topics
- Governance Topics

A list of relevant material issues has been selected as process parameters towards conducting the materiality assessment by the Company's ESG- Sustainability Division based on regular discussions with Company's leadership, Corporate and Estate management teams, analysing the strategic direction given by the ESG framework (KVPL's Corporate DNA) and guidelines recommended by local and international corporate reporting frameworks including the IR framework and GRI standards.

Restatements of information

GRI 2-4

GHG Emission Data has been re-stated as the scope is expanded and the calculation method is changed.

Membership of Associations

GRI 2-28

- Planters' Association
- Ceylon Chamber of Commerce
- United Nation Global Compact
- Biodiversity Sri Lanka
- Wild Life and Nature Protection Society of Sri Lanka

List of Material Topics GRI and Management Approach **GRI 3-1, 3-2,3-3**

Material topic Table

MATERIAL THEMES	MATERIAL TOPICS	GRI TOPICS	
Economic	Financial stability and economic value sharing	201, 202,203	
	Innovations, Capacity development and future readiness	203	
	Taxation and Cost Management	203	
Environmental	Climate Action and Responses	201	
	Carbon footprint (Energy and Emissions)	302, 305	
	Water and Biodiversity	303, 304	
	Effluent and Waste	306	
Social (People and Community)	Attraction of top talent, upskilling and retention	401, 402, 404,405, 406	
	Health, Safety and Well-being	403, 416	
	Community engagement and stakeholder networking	413	
Governance	Resource Utilizations and Material consumption	301	
	Ethics, Good Governance and Compliances	407, 408, 409, 415, 416	
	Business values and brand reputation	408, 409, 417, 418	
	Responsible Business and Procurement Process	407, 416, 301	
	Anti-corruption and Anti-competitive behaviour	205	

Management of material Topics	UN SDGs
<ul style="list-style-type: none"> KVPL has implemented a crop and business diversification strategy to rebalance the risk portfolio, to reduce the risk of concentration on agriculture and absolute dependence on tea & rubber by way of development of other revenue sources. Innovation is key to lead our competitive edge and ensuring we remain relevant to global demand and dynamic customer requirements Created significant risk and challenges towards PBT and the business uncertainty, as well employee morale. Proactive cost management strategies and change management framework helped to reduce the impact. 	     
<ul style="list-style-type: none"> Our approach on climate change impact and mitigation, was strengthened by our sustainable investment portfolio on renewable energy sources, commitments to UNSDGs and UNGC Energy is material due to risk of availability and rising energy costs. Our approach on reducing energy consumption and impact of emissions was strengthened by our commitments to UNSDGs and UNGC We have expressed our commitment as ethical corporate citizen to maintain and protect all natural assets within our estate boundaries. We have pledged to comply with UN SDG and UNGC principles KVPL's 3R policy to support on limiting use of material inputs and dispose the waste using environmentally friendly methods 	       
<ul style="list-style-type: none"> Consistent adherence to HR strategic plan to be the 'Great Place To Work' certified 1st Plantation Company in the country for three consecutive years Committed for National OHS & Well-being policies and all products and processes are fully compliant with ISO 22000:2018 HACCP and GMP (Good Manufacturing Practices) Certification UN accreditation, KVPL's flagship Corporate Sustainability and Responsibility (Strategic CSR) framework, 'A Home For Every Plantation Worker', since 2006 has provided sustainable pathway for effective community engagement 	        
<ul style="list-style-type: none"> Our approach is to conserve limited resources and promote Reuse - Reduce - Recycle (3R) concept for effective utilisation of material inputs KVPL complies fully with national regulations on freedom of association, collective bargaining, child labour and forced labour. Therefore, the company refrains from dealing with suppliers that commit infringements KVPL has a policy of compliance with all universal and national laws and regulations KVPL has a policy of procurement aligned with all universal and national laws and regulations KVPL's commitment to UNGC principles and Hayleys Anti-corruption policy 	          

Value Creation

GRI 2-6

Values

Vision

Mission

Goals

Input

Financial Capital

- Strategic planning
- Financial management
- Risk management
- Corporate governance
- Investment



Natural Capital

- Environment stewardship
- Biodiversity and ecosystem
- Sustainable resources
- Environmental protection



Human Capital

- HR strategic plan
- Succession planning and leadership development plan
- Commitment to UNGC principles
- Performance based culture and reward management scheme for entire workforce - "you are identified"



Social & Relationship Capital

- Community development
- Capacity building
- Stakeholder relationship
- Improving quality of life
- Child policy implementation



Manufactured Capital

- RA, FSC, ISO 22000 Certified
- Processing centres
- Crop diversification
- Hydropower plants
- Product for specific markets



Intellectual Capital

- Product & market research
- Innovation and development
- Customer engagement
- Diversified business



Quality Assurance

Customer Engagement

Plantation Management

Tea and Rubber Estates

Agro-tourism



Overall Strategy

Communication Strategy

Engagement Strategy

Action plans/ Management Tactics



Output

Financial Capital

- EBITDA 2,376 m sales 19.9 B
- ROCE 19.07%
- Capital expenditure Rs. 726 m
- ROA 7.83%

Natural Capital

- Submitted Science Based Targets for validation process
- Complete installation of roof top solar project at Panawatte Rubber Processing Center
- Commenced second round Biodiversity Assessments
- Obtain Eco Label Certification for Tea
- Install water meters for all tea factories
- Initiated green investments for native tree planting partnering with external stakeholders
- Planted 2,178 native trees in HCV areas and We Oya catchment

Human Capital

- Great Place to Work Certification - certified as Great Place To Work for 2024/25 being the 1st Plantations company in the country to receive this certificate for three consecutive years.
- Highest Ever Training Head Count: 41,594
- Highest Effective Training Hours: 79,255
- The first Plantation Company to establish a Memorandum of Understanding (MOU) with the University of Peradeniya to enhance our knowledge in professional development and strategic corporate management
- People power at KVPL- Technical skills development training & exposure tour
- NVQ level 4 for estate administration and supportive staff by NAITA
- Recognitions and Awards:
 - Best Presented Annual Report - TAGS and SAFA Awards 2022
 - Women Friendly Workplace Awards 2023

Social & Relationship Capital

- Continue to implement specific measures toward the Child Protection Policy since becoming the first plantation company in Sri Lanka to adopt a Child Policy in 2018
- Annual CSR investment Rs. 209,749,220
- The Kelani Valley Protectors Initiative which in addition to environmental impacts also has included community uplift as one of its objectives
- Agroforestry on Halgolla Estate creates a value addition to products such as Bees Honey and Wild Coffee, which will also generate new employment opportunities

Manufactured Capital

- Installation of 3 new roof top Solar energy plants at a total investment of Rs. 80 m.
- Renovation of Ingestre Tea Factory to cater to the demands of Export markets with an infusion of Rs. 85 m
- Investing in drone-based chemical/fertilizer application with an investment of Rs. 30 m annually
- Implementation of the comprehensive ERP system

Intellectual Capital

- 1st Brand equity through product expansion: Fruity Tea range
- 1st Regional Plantation Company to conduct an International Plantations Sustainability Summit: over 800+ participants from 25 countries
- Agroforestry as a Regenerative Agriculture model
- Implementation of Nature Based Intellectual Tourism model

Consolidating our **ESG** through a comprehensive knowledge management strategy, enhances interconnectivity of our capitals.

The belief that **WE CAN**; combined with insight, foresight, envisioning and ethical leadership led us to recognise why **WE SHOULD** and continuing to gather actionable knowledge, research based evidence empowered by science based data, ensures that **WE WILL**.

1
Classifying ESG initiatives to strategic groups

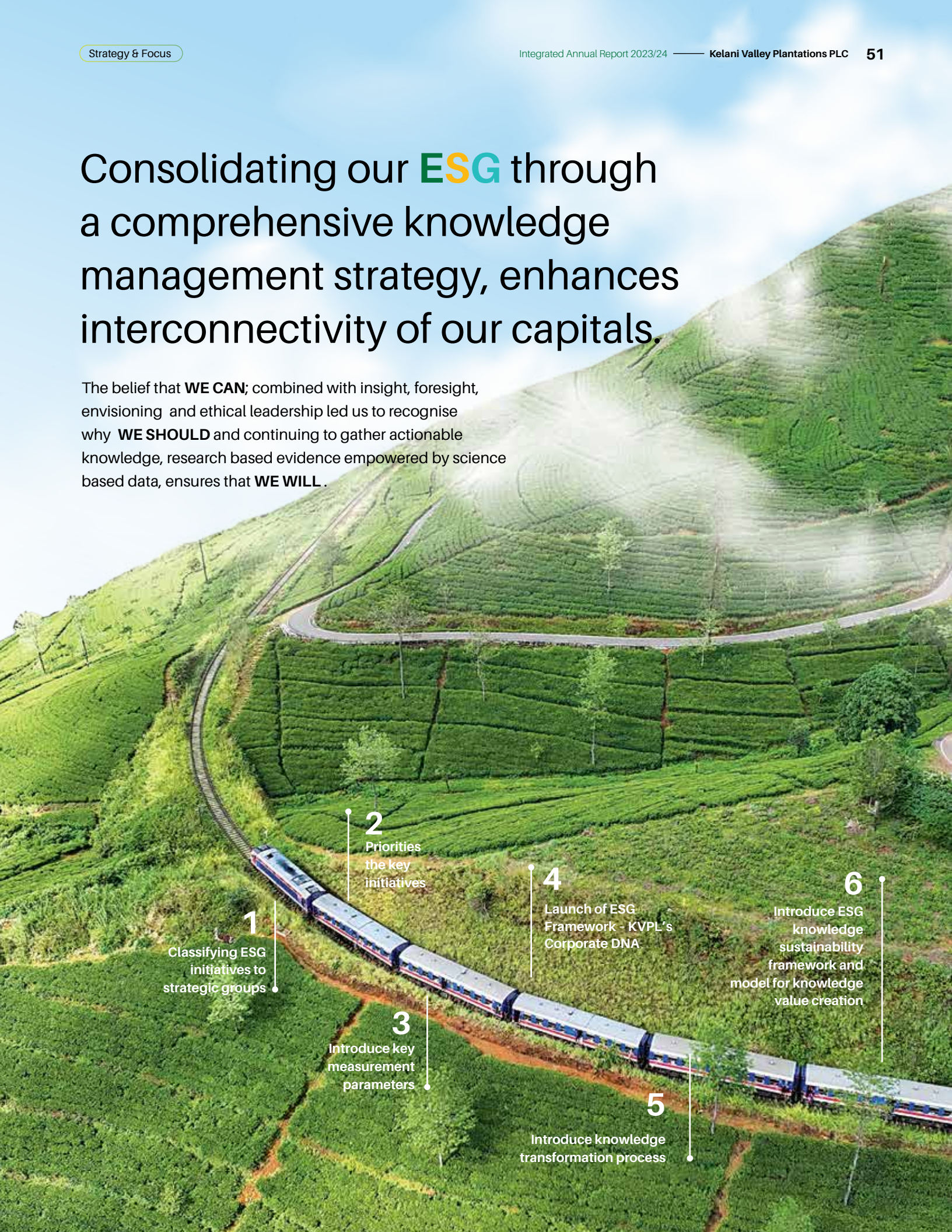
2
Priorities the key initiatives

3
Introduce key measurement parameters

4
Launch of ESG Framework - KVPL's Corporate DNA

5
Introduce knowledge transformation process

6
Introduce ESG knowledge sustainability framework and model for knowledge value creation



Environment, Social & Governance ESG Framework

Fueled by the belief that 'We Can'; KVPL has pioneered decades of initiatives to sustain People, Profit, and Planet. Many of these Innovations have been trailblazing in the Plantations Sector, marking the beginning of KVPL's journey- from Transition towards Transformation of a culture, approach and workplaces in an industry that has inherited practices and values from its inception 150 years ago.

Value Creation within our ESG Framework

After implementing a comprehensive ESG change management strategy tailored to our industry we prioritised the internalization of an ESG framework in the previous year, this year's efforts gave priority to Knowledge Building and to making strides towards data driven decision making in the management of our Social and Natural capital.

International Plantations Sustainability Summit 2023

In a groundbreaking stride towards advancing knowledge sustainability in the realm of Environmental, Social, and Governance (ESG) principles, we marked a significant milestone by spearheading the world's inaugural International Plantations Sustainability Summit. Under the overarching theme of "Towards Sustainable Plantations - Reimagined, Redesigned, Resilient," we convened local and global stakeholders in a collaborative discourse on the imperative and urgency of ESG concepts. This milestone event also holds the distinction of being the world's first Carbon Neutral summit by a corporate entity.

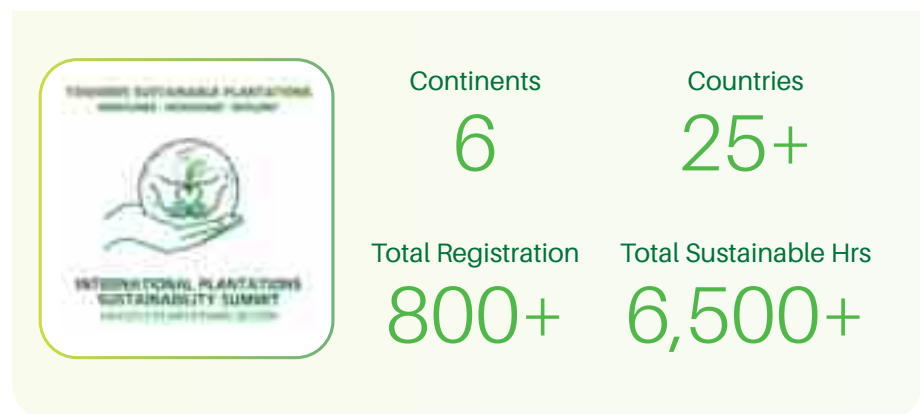
The Carbon emissions including that of air travel was quantified to be 15tCO₂e and the neutrality was verified and confirmed by Sri Lanka Climate Fund for the Summit to be confirmed as Carbon Neutral.

The Lotus Hall, BMICH Colombo served as the venue for this landmark event held on July 21st 2023. Our invitations brought together luminaries from six continents and over 25 countries, embodying a truly

global exchange of ideas resulting in over 800 registrations with both in-person and virtual engagement and a collective investment of a total of 6,500 sustainable hours. The Key note address was delivered by Dr. A Nambi Appadurai, Director and Strategy Head (Climate Resilience Practice) at World Resource Institute (WRI), India, on 'Trends on Sustainable Plantation Production Systems Towards Innovative Business Models – Role of Geosphere Integrated Sustainability Approach.' Guest speaker Dr. Mirjam Pulleman, Senior Scientist hailing from Wageningen University in the Netherlands, also affiliated with the Agro-Ecosystems & Sustainable Landscapes Research area at the International Center for Tropical Agriculture (CIAT) in Columbia delved into the topic of 'Regenerative Agriculture - Principles and Practices,' shedding light on the crucial aspects of adaptation, adoption, and scaling pathways that hold the potential to catalyze impactful change.

The summit also included a panel discussions where experts deliberated four key topics, namely :

- The Plantation Case - Organizational Readiness for Sustainable Transformation of thinking process towards ESG | Role of Managing Knowledge and Best practices sharing approaches.
- Data-driven Sustainability – Applicability, Reliability, and Acceptability in Plantation Industry
- Accounting for nature (Geo & Biosphere) and Biodiversity in Climate Targets towards Climate Positive Plantations : Way Forward Strategies on Sustainable Financing Approaches
- Harnessing collaborations to enable the concept of circular Green Economy | Sustainable Development Strategies



In addition to the benchmark initiative mentioned above, we conduct customized knowledge-sharing sessions tailored to the specific needs of corporate leadership, estate management, and other staff segments within our human capital base. These sessions are designed to equip our Human Capital pillar with the necessary expertise on global ESG requirements within the plantation supply chain; thus empowering them with science-based knowledge in ESG/Sustainability pertinent to our business portfolio. This comprehensive approach ensures that our stakeholders are well-prepared and engaged in the ESG process, resulting in more practical and impactful outcomes. With our objective to inculcate ESG goals across all tiers of the Company from leadership to all employee categories, bridging ESG knowledge gaps became a key priority. We recognized it as essential for fostering a committed workforce capable of championing and implementing these goals.

Embracing Peter Drucker's wisdom that "knowledge has to be improved, challenged, and increased constantly or it vanishes," we remained dedicated to enriching our knowledge repositories. This ongoing effort aims to unlock synergies in our value creation across all capitals and enhance the interconnectivity of capitals. As explained by Blau's 'Social Exchange Theory', which underscores the reciprocal nature of relationships, our knowledge management strategy fosters a dynamic exchange of tangible and intangible benefits between employer and employee.

A concerted focus on collaborative endeavors aimed at mutually beneficial knowledge enrichment served as a cornerstone in sustaining and advancing our ESG driven model. We also extended some of the ESG knowledge sharing to communities; their commitment being important in our industry where our estate properties are home to a population of over 58,000.

The Way Forward

Falling within our parent Group- Hayleys PLC's, organizational framework, its Plantations are also brought under unified ESG Steering Committee dedicated to advancing sustainability across the entire sector. This Committee constitutes key Stakeholders, including the Managing Director (who is the MD of all 3 Companies) serving as Board Director, Operational Directors, Heads of Finance and Sustainability as well as selected members of the KVPL ESG Steering Committee. This collaborative structure fosters synergies and enables comprehensive oversight ensuring that Environmental, Social and Governance considerations are strategically addressed.

Our initiatives this year also helped us progress to demonstrate more tangibly, the profitability derived from enriching our Social, Intellectual, and Natural Capitals, alongside Governance; thus, underscoring the tangible benefits of our holistic approach to sustainability which we target to demonstrate through

quantification and science based data and targets. The universal acceptability of our ESG data would become important for stakeholders across the globe and hence a key focus area for the Steering Committee. Additionally solutions for reporting ESG data across multiple regulatory frameworks is another we anticipate.

ESG Steering Committee

The ESG Steering Committee, established in the prior year, under the stewardship of the General Manager of HR & Corporate Sustainability convenes once a month to assess progress towards United Nations Sustainable Development Goals (UNSDGs) with regard to Environmental, Social and Governance objectives. Key insights from these meetings are elevated to the Senior Corporate Management meeting, where the head of HR & Corporate Sustainability provides strategic input. The minutes of these meetings are subsequently circulated amongst Directors and the Management team; ensuring accountability and transparency. This integration ensures that sustainability considerations are seamlessly woven into overarching corporate strategies and objectives and the Steering Committee continues to give leadership in driving ESG strategies and guiding their implementation.

ESG Reporting

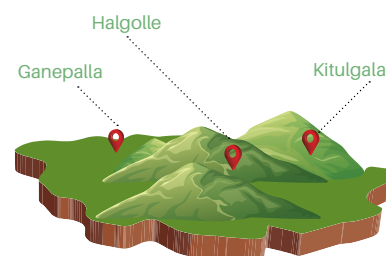
ESG reporting benefits both external stakeholders and company, and fosters sustainability and ethical practices. It enhances supply chain sustainability, satisfies socially and environmentally conscious consumers, and aligns investments with values. Through transparency, it builds brand reputation and unlocks new opportunities. The commitment to periodic reporting reflects a dedication to measuring and improving sustainability efforts. For the consolidated statement of ESG Performances, Notes to the consolidated ESG Statement, please refer page 282 to 287. Also, for Independent Assurance Report by Auditors on GRI Reporting and EESG Report, please refer page 274.

Red Slender Loris

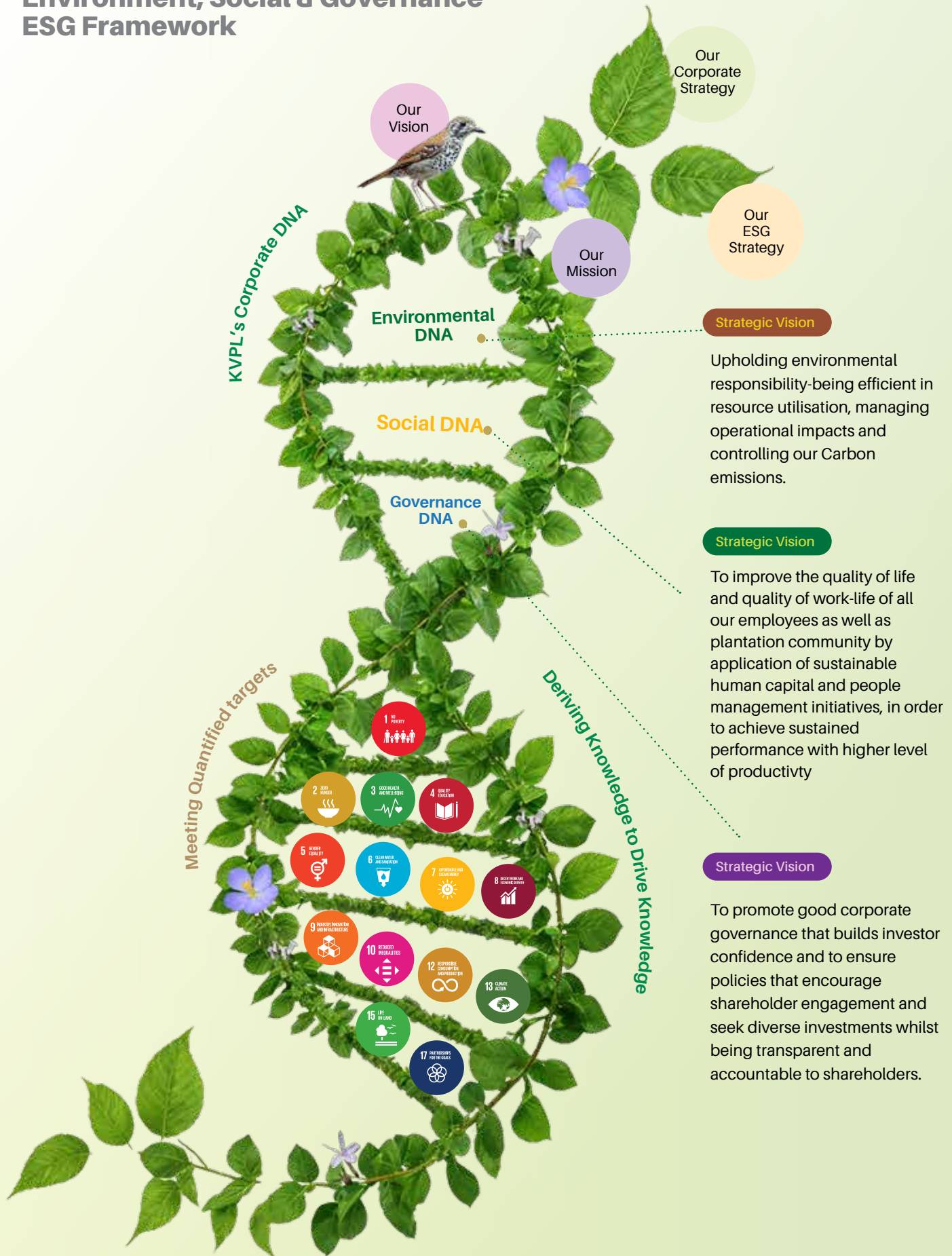
Loris tardigradus



Red Slender Loris is a threatened species endemic to Sri Lanka, found at elevations of 1800-2300m in montane forests. It was recorded at Halgolla, Kitulgala and Ganepalla estates under the management of KVPL during the recent biodiversity sampling efforts in collaboration with IUCN.



Environment, Social & Governance ESG Framework



We Can Should Will

Attitude of **We Can** has fueled our path breaking ESG initiatives earning accolades along the way:

- ⦿ Became the 1st plantations company to commit to the 10 UNGC Principles in 2008
- ⦿ Launched the world's first social sustainability linked marketing with the "Home for every Plantation Worker" in 2008
- ⦿ Amongst the first to establish a HR strategic plan in the Plantation sector
- ⦿ 1st in the Plantations sector to establish a Child Policy
- ⦿ 1st in the Plantations sector to adopt Ethical Tea Plantations commitment
- ⦿ 1st in the Plantations to deploy Oracle infusion for HR management
- ⦿ 1st Plantation Company to be endorsed by Great Place to Work for 3rd consecutive year
- ⦿ 1st to launch a project of Intellectual tourism for Triple Bottom Line impact on an estate
- ⦿ 1st Plantation Company to be OSHAS certified

Asia's best 30 workplaces

Great Place to Work certified for 3rd consecutive year

- ⦿ LMD's Most Awarded Company in the Plantations sector
- ⦿ Best 15 Workplaces for Women

First plantation company to :

- ⦿ Rainforest Alliance (RA) certified
- ⦿ FSC certified
- ⦿ Organize the world's first Carbon Neutral International Summit on Sustainability of the plantations
- ⦿ First Agroforestry pilot project

We Should ensure that our investments and practices are aligned with our core values

As People & Planet are integral to the future profitability of our enterprise
Future Proofing: to mitigate business risks and safeguard our enterprise

We Will in the next two years ahead :

Strive for synergy: maximizing interconnectedness and integration of value creation across the Five Capitals

- ⦿ Achieve science-based targets for our green footprint
- ⦿ Seek to quantify our qualitative impacts for universal understanding and report in universally accepted indicators.
- ⦿ Progress towards data driven decision making and continuously enhance the mechanisms of obtaining data and accuracy of data.
- ⦿ Ensure all our executive & management staff possess professional, tertiary or higher qualifications by 2030
- ⦿ Advance the utilization of Artificial Intelligence
- ⦿ Enhance gender equity
- ⦿ Mitigate business risks.

Environment, Social & Governance ESG Framework



KVPL's Environmental DNA

E



KVPL's Environmental DNA underscores our commitment to stewarding the natural resources entrusted to us while ensuring the sustainability of our operations. As custodians of our vast expanse of over 13,000 hectares in ecologically vital regions, we are dedicated to preserving these resources and mitigating our environmental impact, not only to safeguard the natural world for future generations but enhance the performance, longevity and resilience of our business operations. Our active contribution to preserving the planet is two pronged; minimizing our footprint and proactively seeking ways to shape a greener earth, ensuring the viability and sustainability of our operations.

Aligned with set targets and goals of KVPL's Environmental DNA, in the year under review the Company expanded its renewable energy mix by installing rooftops solar projects across its factories.

Further, we are actively engaged in aligning our sustainability efforts with the Science Based Targets initiative (SBTi). We have submitted our targets to SBTi and are currently undergoing the process of target validation. In addition to our renewable energy and greenhouse gas reduction efforts, we have empowered our factories with advanced water metering systems. These systems play a crucial role in improving the accuracy of monitoring water withdrawals for our operations; and have expedited the conservation of biodiversity by completing the 2nd round biodiversity assessments and reforestation programmes. Among the various initiatives, are three flagship initiatives:

- Kelani Valley Protectors Initiative as a community based volunteer project
- Agroforestry programme
- Biodiversity Research Centre and Tourism project



KVPL's Social DNA

S



Social DNA is intricately woven with a deep commitment to social sustainability, recognizing its unique and profound responsibility towards the well-being of its 58,000 strong plantation community and 7,626 direct employees. At the heart of its ethos lies an ESG model crafted to foster better quality of life, care, and knowledge management. This model serves as a bridge, connecting organizational performance with community expectations, ensuring an unwavering dedication to the well-being of its people, every hour of every day, 365 days a year.

Integral to KVPL's social sustainability strategy are a myriad of initiatives designed to empower the community, enhance financial literacy, promote sustainable Agriculture, foster skills development, improve healthcare access, and uphold social responsibility. By nurturing youth entrepreneurship, encouraging self-employment, and imparting savings

education, KVPL ignites economic growth and resilience at the grassroots level. Through investments in agricultural productivity, the company not only ensures its own sustainability but also propels the prosperity of the wider community.

By embracing this holistic approach to community development, KVPL not only enhances its own sustainability and competitiveness but also assumes a pivotal role in tackling broader societal challenges such as poverty, healthcare disparities, and food insecurity. This integrated approach aligns business objectives with social impact, fostering a virtuous cycle of mutual benefit that enriches both the business and the communities it serves.



KVPL's Governance DNA

G

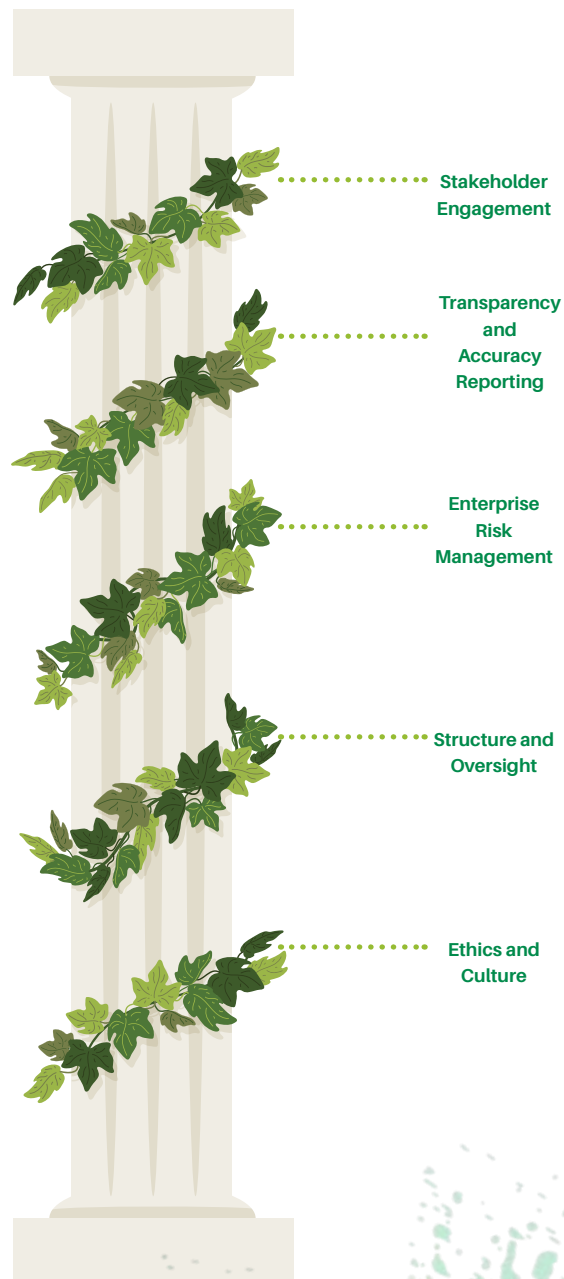


KVPL places paramount importance on transparency and precision in its accounting practices, ensuring strict adherence to applicable standards to cultivate trust among stakeholders, particularly investors, regarding the accuracy of its financial reporting. Shareholders are empowered with voting rights on significant matters and have the opportunity to evaluate the Company's governance, environmental, and social initiatives. Moreover, KVPL is steadfast in its commitment to upholding ethical standards, avoiding conflicts of interest, and refraining from participating in political contributions for undue advantages.

As a publicly listed entity, KVPL diligently produces quarterly accounts and annual reports that surpass the minimum requirements, earning external recognition for its dedication to comprehensive reporting and disclosure practices. Oversight of related party transactions by a specialized committee further underscores the Company's commitment to fairness and objectivity in its reporting.

KVPL's proficient workforce and expertise ensure transparent reporting to the public, providing investors with confidence in the solidity of its operations. Supported by a robust governance framework compliant with regulations, the Board of Directors assumes ultimate responsibility for risk management, internal controls, and Corporate Governance, thereby ensuring accountability to shareholders.

External auditors play a pivotal role in KVPL's corporate governance landscape, verifying the Board's and management's adherence to responsible practices and safeguarding shareholders' interests. Additionally, as part of the esteemed Hayleys Group, KVPL adheres rigorously to "The Hayleys Way", a comprehensive Code of Conduct that delineates principles for responsible corporate behavior. This code guides all levels of management in ethical decision-making and conduct, further cementing KVPL's commitment to integrity and transparency in its operations.



SDG Summary



SDG Full Report



SCAN ME!



78%

increase in the effective engagement hours with the scientists of the International Union for Conservation of Nature (IUCN) and experts from Sri Lankan and foreign universities for the development of a nature-based intellectual tourism model, Biodiversity research & sustainable knowledge management center concept.



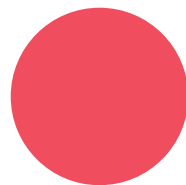
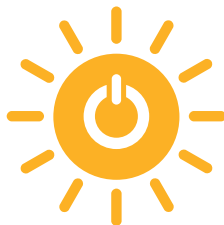
12%

increase in Renewable Energy generation



120%

rise in the number of beneficiaries receiving nutritional aid for adolescent girls, pregnant women, and lactating mothers



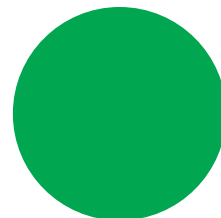
213%

increase in the number of beneficiaries of the Encouraging and Promoting Youth Entrepreneurship programmes



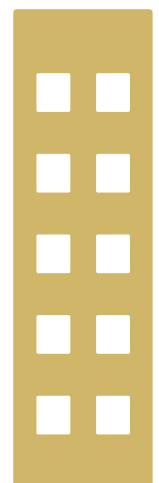
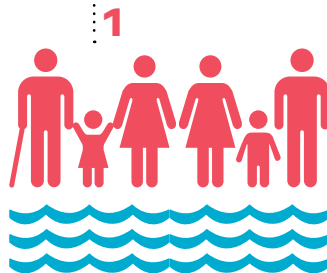
34%

effective learning and education hours per person increased compared to the mean average training hours per person in last 5 years



308%

increase in the number of beneficiaries of the Alcohol, Tobacco, and Drug Demand Reduction Program



Goals Not Reported



54%

increase in the number of estates equipped with digital weighing systems



63%

positive feedback from our inaugural supplier survey, conducted to trace the supply chain as a measure towards responsible consumption



71%

increase in the number of beneficiaries of Women Employees Appreciation Programmes



100%

of the estate's empty chemical containers have already been brought to the central stores. The total empty cans collected is 3,162 from Invery and 351 from We Oya



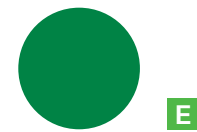
10%

increase in Employee earnings compared to last year



21%

increase in beneficiaries of the Strengthening Assess and Address committee effectively addresses discrimination, child labor, forced labor, and workplace violence



100%

ensuring 100% capture of Scope 3 emissions



100%

of factories have been tested and maintained within the limits of SL industrial wastewater parameters



Sector Review

Global Economy

The global economy showed signs of resilience in 2023 and is expected to recover from a multitude of economic woes including sluggish growth, stubbornly slow disinflation, and risks emanating from geopolitical uncertainties, going forward. According to the World Economic Outlook (WEO) update of the IMF released in January 2024, global growth is estimated to have slowed down from 3.5 % in 2022 to 3.1 % in 2023 and is projected to remain around 3.1 % in 2024. It is projected to accelerate to 3.2 % in 2025 on account of the stronger rebound in several large economies, including the United States (US), and fiscal stimulus in China. However, the projected global growth rates for 2024-2025 are below the historical average (2000-2019) of 3.8 %, reflecting the impact of restrictive monetary policies to curb inflation, fiscal tightening amidst high debt weighing on economic activity, and low underlying productivity growth. Advanced economies are expected to experience a slowdown, with growth dropping from 2.6 % in 2022 to 1.6 % in 2023 and 1.5 % in 2024, before rising to 1.8 % in 2025. Although Eurozone economies and the United Kingdom are expected to recover from their low rates of growth in 2024, owing to waning effects of the war in Ukraine, the moderate growth in advanced economies is mainly attributed to the slowdown in the US with lagged effects of monetary policy tightening as well as contractionary fiscal policies. The IMF cautions that an anticipated growth moderation in advanced economies could have an adverse impact on Sri Lanka's export performance as the US and the European Union are the largest export destinations for Sri Lanka. Also, subdued economic growth in advanced economies may also have a bearing on the much-anticipated resurgence of high-spending tourist arrivals to Sri Lanka.

Meanwhile, emerging markets and developing economies are expected to maintain a stable growth of 4.1 % in 2023 and 2024, the same as in 2022, which is expected to rise to 4.2 % 2025 according to the IMF. The resilience in these economies mainly reflects the strong growth rates in India and China. The Indian economy is

estimated to have grown by 6.7 % in 2023 and projected to remain strong at 6.5 % in both 2024 and 2025 reflecting robust domestic demand. Economic growth in China is estimated at 5.2 % in 2023 and it is projected at 4.6 % and 4.1 % in 2024 and 2025, respectively, considering the increased fiscal support to build capacity against natural disasters. Higher anticipated growth rates in China and India are expected to have a favourable impact on the Sri Lankan economy, given the strong economic and geopolitical linkages with these economies, particularly in terms of merchandise trade, tourism, Foreign Direct Investment (FDI) and financial assistance.

The slowdown in 2023 was more pronounced in advanced economies than in emerging market and developing ones. Within advanced economies, the US performed better than projected, with resilient consumption and investment, while Euro area activity was revised downward. Many emerging market economies proved quite resilient and surprised on the upside, with the notable exception of China, facing growing headwinds from its real estate crisis and weakening confidence.

During the year, the Services sector recovered almost completely, leading to a strong demand for Services supported service-oriented economies—including important tourism destinations such as France and Spain—relative to manufacturing powerhouses such as China and Germany. High demand for labor-intensive services also translated into tighter labor markets, and higher and more persistent Services inflation. But the IMF observes that Services activity is now weakening alongside a persistent manufacturing slowdown, suggesting that Services inflation will decrease in 2024 and labor markets and activity will soften.

According to the IMF's outlook, a key impact in 2024 would come from the tighter monetary policy which is necessary to reduce inflation, and these impacts are expected to be even, across countries. Tighter credit conditions would impact housing markets, investment and economic

activity in countries with a higher share of adjustable-rate mortgages or where households are less willing or able to dip into their own savings.

Despite signs of softening growth, labor markets in advanced economies remain buoyant, with historically low unemployment rates helping to support activity. So far, there is scant evidence of a "wage-price spiral," and real wages remain below pre-pandemic levels

One of the significant risks to the global economy in 2024 could stem from a worsening of the real estate crisis in China. Secondly, from commodity prices which could become more volatile under renewed geopolitical tensions and disruptions linked to climate change. Since June, oil prices have increased by about 25 % on the back of extended supply cutbacks from OPEC. While both underlying and headline inflation have decreased, "they remain uncomfortably high" as per IMF observations. Near-term inflation expectations have risen markedly above target, although they now appear to be turning a corner.

(Sources: International Monetary Fund, World Economic Outlook October 2023)

Sri Lankan Economy

Following six consecutive quarters of contraction, Sri Lanka's economy embarked on a path to recovery in 2023, to record an expansion in the second half of the year. Hence, GDP recorded only a moderate contraction of 2.3% for the entire year; in comparison to a contraction of 7.3% in 2022, following the harshest economic downturn in the country's post-independence history.

This expansion was a result of a gradual resumption of economic activity supported by the implementation of long-term oriented economic policies by the Government and related authorities; the gradual easing of monetary policy, and the revival of the external sector; ignited by the first tranche of the IMF's bailout funding package received in March 2023. Moreover, the strong commitment to reviving the economy through the adoption

of such policies and the subsequent receipt of the second tranche helped improve investor sentiments.

As the economy progressed on the path towards macroeconomic stability, Inflation was brought down to single digit levels, from the highest ever levels observed in 2022. Corrective macroeconomic policies and the implementation of required structural reforms were instrumental in achieving domestic price stability, thereby reinforcing overall macroeconomic stability. Following the rapid disinflation observed in the first half of 2023, year-on-year headline inflation, as measured by the CCPI, moderated to single-digit levels, to 4 % at yearend 2023 from its all-time high level recorded in 2022. Core inflation based on the CCPI also moderated significantly during 2023, reflecting subdued underlying demand pressures.

Supported by the easing of monetary policy and improvement in domestic economic activity, credit to the private sector began to expand since mid-2023, and this momentum is expected to continue in the period ahead. The Central Bank (CBSL) continued to relax monetary policy during the second half of 2023 as the economy reached a state of stability; with inflation remaining low and inflation expectations remaining anchored, while external sector pressures eased. Following the rapid disinflation process, current inflation remains closer to the inflation target. However, projections indicate a deviation from the targeted rate of inflation, primarily due to amendments to Value Added Tax (VAT) introduced in January 2024, before it retraces towards the target from around end 2024. This uptick in inflation is expected to be short-lived, thereby posing no significant threat to maintaining inflation at the targeted level of 5 % over the medium term. On the whole, risks to the near-term inflation projections are skewed to the upside, largely due to supply-side factors, while risks to medium-term inflation projections are balanced.

Economic growth is expected to remain subdued in the short term but is expected to recover gradually towards its potential. CBSL points to several risks to real

economic growth which will exert downward pressure both in the near term as well as in the medium term; as economic activity is susceptible to adverse developments in the global front that affect export recovery, as well as loss in productivity due to outmigration of skilled labour and structural impediments to growth.

The outlook for Sri Lanka exports; which revived in 2023 and contributed to growth, are expected to slow down in 2024, due to the projected soft landing of the Global economies, and an increase in freight rates and reduction in space, as global shipping companies move to reroute their vessels around the Cape of Good Hope in a bid to avoid disruption to shipments after the recent attacks on vessels in the Red Sea by the Yemeni Houthi militant group.

Sri Lanka's workers' remittance inflows in 2023 amounted to USD 5.97B, up by 57.5% compared to 2022. However, according to the CBSL, the pace of recovery in official workers' remittance inflows to Sri Lanka witnessed during 2023 is unlikely to continue in 2024 amidst possible low oil prices resulting in fewer new employment opportunities in the key Gulf region, according to the World Bank.

Earnings from tourism for 2023 recorded USD 2.07 B, which is an 82% growth compared to 2022.

The year under review saw a significant milestone in CBSL's history, with the enactment of the Central Bank of Sri Lanka Act, No. 16 of 2023 (CBA) on 14 September 2023, thus repealing the Monetary Law Act, No. 58 of 1949. As per the CBA, the Monetary Policy Board is charged with the formulation of monetary policy and the implementation of a flexible exchange rate regime in line with the flexible inflation targeting (FIT) framework in order to achieve and maintain domestic price stability. The CBSL marks a significant milestone in enhancing the Central Bank's independence and accountability towards the Parliament and the public. The Central Bank implemented an array of policies in 2023, initially to bring stability to the economy and then to buttress the economic recovery. It encompassed the shift from a tight monetary policy stance to an accommodative stance since June 2023, allowing greater flexibility in exchange rate determination and progressive removal of administrative restrictions imposed on certain foreign exchange transactions. Further, the Minister of Finance and the CBSL shall sign a monetary policy framework agreement with regard to setting out the inflation target to be achieved by the Central Bank. Accordingly, the Minister and the CBSL have entered into a Monetary Policy Framework Agreement 1 stipulating the inflation target to be achieved by the Central Bank. As per the Agreement, CBSL is expected to target the Colombo Consumer Price Index (CCPI)-based quarterly headline inflation rate at 5 %.

Key Indicator	2023	2022	2021	2020
Real GDP Growth (%)	(2.3)	7.8	4.2	(4.6)
Current Account Balance (as a % of GDP)	1.8	(1.9)	(3.7)	(1.4)
Balance of Payments (US \$ B)	1.9	(2.8)	3.9	(2.3)
Trade Balance (as a % of GDP)	(5.8)	(6.7)	(9.2)	(7.1)
AWPR (%) year end	12.13	27.24	8.61	5.81
Inflation (%) CCPI year-on-year as at year end	4.0	57.2	12.1	4.2
Exchange Rate Rs against US Dollar (Year end)	323.92	363.11	200.43	186.41

Source: Central Bank of Sri Lanka, Economic Review 2023

Sector Review

Interest Rates

Market interest rates declined significantly in 2023 from notably high levels recorded in 2022; mainly driven by the accommodative monetary policy measures implemented since June 2023, supported by several other factors. Average Weighted Deposit Rate (AWDR) and Average Weighted Fixed Deposit Rate (AWFDR) declined by a range of 2.42 – 3.61 % points, while the interest rates on new interest-bearing rupee deposits mobilised by LCBs (Average Weighted New Deposit Rate (AWNDR) and Average Weighted New Fixed Deposit Rate (AWNFRD)) during a particular month declined by a range of 12.01 – 12.40 % points during 2023.

The downward trend in market interest rates continued in early 2024, highlighting the space available for market interest rates to decline further in response to accommodative monetary conditions. In spite of these developments, real market interest rates remained positive, given the low level of inflation, indicating that monetary conditions from an interest rate perspective remained somewhat tight. Meanwhile, interest rates offered on foreign currency deposits recorded a moderation during 2023 compared to the previous year owing to improvements in foreign exchange balances in the banking sector supported by inflows from the merchandise and services sector exports as well as workers' remittances, although the global stance of monetary policy remained tight. Lending rates, particularly interest rates applicable on short term rupee loans and advances granted by LCBs to their prime customers during a particular week (Average Weighted Prime Lending Rate (AWPR)), which is one of the benchmark interest rates in the retail market, declined notably by 15.11 % points in 2023.

Inflation

Inflation, which reached the historically highest level in September 2022, recorded a rapid disinflation process since then, reaching lower single-digit levels towards end 2023. As per the CBSL Review, subdued demand due to the gradual transmission of the effects of the tight monetary conditions to the wider economy was the major contributor to this transition on the demand side that prevented the escalation of price pressures. This was further complemented by tight fiscal measures. Further, the normalisation of domestic supply conditions, moderation of global commodity prices, and the strengthening of the Sri Lanka rupee, alongside the favourable statistical base effect created by the large month-on-month increases in prices seen in 2022 also contributed to this rapid disinflation process. The prices of food items and the transport sector, were two of the largest contributors to the high inflation in 2023. However, since September 2023, inflation began moving upward, as anticipated, due to energy price hikes, particularly the electricity tariff increase, while weather related disruptions to the agriculture sector also contributed to the pickup in inflation, particularly towards the end of the year. Accordingly, CCPI-based year-on-year headline inflation was recorded at 4 % (2021=100) by end 2023 compared to 57.2 % (2013=100) by end 2022. The National Consumer Price Index (NCPI) based year-on-year headline inflation also followed a similar path, dropping to 4.2 % (2021=100) by end 2023, compared to 59.2 % (2013=100) recorded at end 2022, while NCPI-based annual average headline inflation in 2023 decelerated to 16.5 % (2021=100), compared to 50.4 % (2013=100) in 2022. Core inflation also underwent a substantial disinflation process in 2023. The fall in core inflation mirrored the underlying subdued demand conditions in the economy, amidst the tight monetary conditions until June 2023 and prevailing tight fiscal conditions, and the persistent impact of the erosion of the purchasing power of the public. Unlike headline inflation, which picked up during the latter part of 2023, CCPI-based core inflation continued to decelerate throughout 2023 and has accelerated somewhat since then.

Meanwhile, the increase in the Value Added Tax (VAT) rate from 15 % to 18 % combined with the removal of certain exemptions at the beginning of 2024, led to a brief surge in inflation from January 2024. However, the reduction of electricity tariffs in early March 2024 and several subsequent responsive price reductions are expected to partly negate the immediate impacts as well as spillovers of the tax amendments. This was evidenced through the large reduction of inflation in March 2024, which was partially due to these reasons, along with a favourable statistical base effect.

Following the swift disinflation process, inflation is expected to remain around the target of 5 % on average during 2024, despite intermittent fluctuations caused by supply side shocks amid lower demand conditions. Inflation is expected to stabilise around the target over the medium term, supported by appropriate policy measures. The Central Bank's independence coupled with greater public accountability in monetary policy making would be instrumental in maintaining domestic price stability over the medium term.

Exchange Rate

The Sri Lanka rupee appreciated sharply in 2023 under a market-based exchange rate policy implemented by the CBSL despite some intermittent volatility, with an appreciation of 12.1% against the US Dollar in comparison to a depreciation of 44.8% in 2022. During the first two months of 2023, the Sri Lanka rupee remained stable at around Rs. 362 per US Dollar as the CBSL continued to provide daily guidance on the spot exchange rate but appreciated notably thereafter, helped by the policy measures taken by CBSL to enhance forex liquidity in the market and to provide greater flexibility in the determination of the exchange rate. On 27, February 2023, CBSL began the gradual relaxing of the requirement of mandatory sales of foreign exchange out of the converted export proceeds and workers' remittances and later revoked

the said requirement with effect from 07 March 2023 in order to enhance forex liquidity in the banking system. Further, the Central Bank discontinued the provision of daily guidance on exchange rates with effect from 07 March 2023, in order to allow greater flexibility in the determination of the exchange rate and encourage market driven activity in the domestic forex market in line with the flexible inflation targeting framework of the Central Bank. Subsequently, liquidity in the domestic forex market improved and spot market activity picked up. Favourable market sentiments subsequent to the commencement of the IMF-EFF arrangement in March 2023 also helped the exchange rate to appreciate. A notable appreciation of the Sri Lanka rupee was registered during the second quarter, particularly in May and early June 2023 due to several favourable developments. Improved market liquidity as a result of increased forex inflows in the form of export proceeds, workers' remittances.

The appreciating trend of the Sri Lanka rupee continued in 2024 as well; appreciating by 7.6% against the US Dollar as of end March 2024 mainly due to robust inflows in the form of earnings from tourism, workers' remittances, and reduced import expenditure.

Fiscal Sector

The fiscal performance in 2023 was commendable, driven by rigorous consolidation measures for revenue enhancement and expenditure rationalisation. Reflecting Government's commitment to fiscal consolidation, a substantial increase in government revenue was recorded in both nominal terms and as a percentage of GDP in 2023, compared to 2022. Accordingly, in nominal terms government revenue recorded a year-on-year growth of 54%, while in GDP terms revenue increased by 2.7 % points to 11% of GDP in 2023. Numerous tax reforms implemented in the second half of 2022 and in 2023 supported the expansion in revenue collection. The significant rise in tax revenue was mainly due to the increased collections from income

taxes, VAT, excise duties, import duties, and Special Commodity Levy (SCL). The Social Security Contribution Levy (SSCL) that was introduced in October 2022 also contributed to this increase in government revenue. The significant increase in income taxes in 2023 was achieved through key policy measures including revisions to the personal income tax structure in terms of the tax-free threshold, tax rates, and tax brackets, mandatory registration requirement for specific professionals under the Inland Revenue Department (IRD), upward revision of the standard corporate income tax rate, and the elimination of concessionary rates related to corporate income taxes.

The primary balance showed a surplus in 2023, while the overall budget deficit declined compared to previous year. The Government continued to rely primarily on domestic sources to finance the budget deficit, amidst constraints in accessing foreign sources. The central government debt as a percentage of GDP declined by end 2023, primarily due to the growth in nominal GDP and partly due to the impact of rupee appreciation on foreign debt.

Agriculture

In 2023, the Agriculture sector began a much needed resurgence with a 2.6% growth in value added, marking a significant turnaround from the 4.2% contraction in 2022, mainly driven by improved supply conditions, especially fertilizer and other agro chemicals and fuel. Key contributors to this resurgence were the cultivation of rice, fruits, vegetables, and fishing activities. These sectors saw robust growth, buoyed by favorable conditions and increased demand. However, not all agricultural sectors fared equally well. The cultivation of tea, rubber, and coconut witnessed contractions during the year, largely attributed to adverse weather.

Despite challenges posed by weather fluctuations, the overall trajectory of agricultural activities in 2023 demonstrated resilience and promising growth prospects, underscoring the sector's importance in driving economic vitality and food security.

Tea Sector

Sri Lanka's Tea production decreased marginally during the year by 1.5% over the previous year reflecting a struggle for recovery from the detrimental policy decisions and impacts of climate change. High Grown production increased by 5% and while both Mid Grown and Low Grown production declined by 0.5% and 1% respectively.

Average auction prices declined by 10% in Rupee terms due to the depreciation of the US Dollar. National Average for the year ended at Rs. 1,171.29 decreasing by Rs. 62.96 in rupee terms and by 25 cents in US Dollar terms, compared to 2022. However, Colombo Tea Auction prices continued to be the highest amongst other auction centres in the world reflecting the demand for the attributes and quality of Ceylon Tea.

During the year Sri Lanka's export destination such as Iran encountered challenges due to the delayed renewal of Import Licenses, affecting various imports, including tea. Additionally, natural disasters, such as earthquakes succeeded by floods, significantly disrupted Türkiye's purchasing patterns, resulting in a notable decrease in volumes compared to the preceding year. Iraq, another significant market for Ceylon Tea, witnessed a decline in purchases relative to 2022, attributed to the instability of the Iraqi Dinar against the USD. These factors collectively influenced the dynamics of tea trade in the respective regions, prompting stakeholders to navigate through fluctuating market conditions and economic uncertainties. Furthermore, year 2023 also saw two world powers India and Russia commencing trading with the Chinese Yuan for oil imports. The year also saw the largest bank failure (Silicon Valley Bank) since the 2008 economic crisis affecting major companies around the world. Another other key factor was the intensifying of the Israel-Palestine conflict late in the year.

Sector Review



COMPANY PERFORMANCE

KVPL Tea Sector Performance:

KVPL Group's Tea Sector achieved its second-highest Revenue and Profitability, following a record high in the previous year. Despite a surge in crop output, the Group's Revenue was affected by declining prices in Rupee terms, owing to the Rupee's reversal in depreciation against the US Dollar. Tea Revenue declined by 2.1% to Rs. 18.1 Bn despite a increase in crop production.

The Tea segment continues to be the main contributor to KVPL Group's profitability, accounting for 90 % of KVPL's group revenue and 92 % of its gross profits. The Tea sector's Revenue primarily comprised a contribution of 31% from KVPL and 67% from its marketing arm Mabroc Teas (Private) Limited.

KVPL's (company) Tea crop increased by 12% to 3.8 m kg, It is noteworthy that KVPL continued to record the second highest GSA amongst Tea producers for the sixth consecutive year, reflecting the Company's focus on producing a high-quality tea. The industry's GSA's however, saw a declined in rupee terms owing to the slight appreciation of the Sri Lankan rupee by 6.31% between 31st December 2022 and 31st December 2023.

As we have articulated before, sustaining the profitability of the Tea sector, amidst challenges of declining productivity and unchanging demand over the next five years, underscores the importance of adding value to our products, of direct exports, customisation and niche marketing, of harnessing brand identity and resource optimization through technology.

Our marketing arm Mabroc Teas (Pvt) Ltd. made significant headway in its direct marketing strategy by establishing a partnership with Livee Poloska SP.Z.O.O of Poland which would expand markets for its value added teas by facilitating direct access to supermarket shelves in Poland as well as several other markets in Europe.

Moreover, Mabroc Teas launched trading operations in Kenya, facilitating the trade of teas from Kenya, Rwanda, Malawi, and Tanzania for exporting as bulk teas to Europe.



KVPL also continued to expand the use of technology (as detailed in the Manufactured Capital Report) from field to office and factory floor.

Challenges identified in 2023-24	Our Strategic Responses
High production costs relative to global competitors	<ul style="list-style-type: none"> Cost management Measures Resource Optimisation through technology and mechanization Crop Diversification through Agroforestry such as Coffee, Cinnamon, Cardamom, Areacunut and the production of Bees Honey New avenues of income generation with a Triple Bottom Line viz Biodiversity tourism
Cost of fertilizer and pesticides although declining from the level of the period of scarcity still remained higher than pre pandemic period	<ul style="list-style-type: none"> Continued to expand the production of organic fertilizer Continued with the "Buy Back of Weeds" programme as a win-win for employee and company Continued to expand the use of non-chemical methods for pest and diseases management Planted tea in selected new areas to maintain crop and yield amidst decreasing land productivity due to lack of agro inputs
Attracting and retaining younger generation of workers	<ul style="list-style-type: none"> Launched the implementation of a comprehensive ESG model Facilitates skills training for certification by the NAITA so that they could be recruited at officer level Mechanization and automation Progressed towards the adoption of Artificial intelligence
Declining land productivity	<ul style="list-style-type: none"> Agroforestry Model

Outlook

In Sri Lanka, impending more stringent taxation policies set to be enforced in 2024, are poised to increase manufacturing costs significantly. However, on a brighter note, the anticipated finalization of the IMF bail-out agreement in 2024 instills a sense of confidence among exporters. This deal is expected to establish a more stable parity rate for the Sri Lankan Rupee, empowering exporters to extend more competitive offers in the short to medium term.

Despite an easing of global fertilizer prices in 2023, costs remain comparatively higher than their pre pandemic levels. To address these challenges and ensure sustained competitiveness in the Tea and Rubber sectors, our strategy would continue to focus on enhancing production efficiencies through technology adoption and addressing labor shortages through increased mechanization and several other responses as mentioned in table above.

Sector Review

Projections indicate a modest increase in global tea output of 1.5% to 3% for the years 2024 and 2025, significantly lower than the historical average annual growth of 4.4%. However, these forecasts come with a significant degree of uncertainty due to potential influences such as the impending El Niño phenomenon and its uncertain intensity.

On the demand side we expect stability in the demand for both Tea and Rubber in the next few years ahead. Some of the projections of industry analysts for the next few years give us reason to be optimistic. Tea consumption in India, which accounts for approximately 20% of global demand, as per research is estimated to rise by 3%-4% in the next 2-3 years and is a market with great potential by its sheer size and for Sri Lanka, considering its close proximity and trade relations. Negatively however, Russia is expected to be affected by the struggling domestic economy reflecting the impact of sanctions; and as industry analysts predict "... is most likely to witness a general decline in tea consumption as well". Türkiye, which

is yet another important market for Ceylon Tea which accounts for approximately 4% of global consumption and has the highest consumption per head, has a saturated market, although maintaining the highest consumption per head. Its weak economic performance is expected to hamper teas consumption, resulting in stagnation in imports during the period under review. However, Iran, another important market for Ceylon Tea, is also considered as "showing much promise for tea prices in 2024, mainly with the recent development of the Oil for Tea deal with Sri Lanka".

The main tea consuming countries are also the largest producers and in recent years, a rising share of output has been retained for domestic consumption (from a 63% in 2013 to a 72% in 2022). Chinese consumption is projected to grow showing a preference for black tea. Although ready to drink products were rising firmly before the pandemic, its is encouraging that analysts predict that quality loose tea will continue to dominate the market. The US market for tea though small is expected to show a

fairly firm growth in consumption. However, with most of the larger tea markets dominated by loose-leaf teas; industry experts continue to see the US as one of the most important single markets for instant and iced tea, and perhaps handcrafted specialty teas.

In Sri Lanka the trajectory of auction prices remains contingent upon the exchange rate, with any unforeseen devaluation of the Sri Lankan Rupee potentially benefiting the industry, particularly considering the devaluation trends in many importer country currencies over time. The recent disruptions in Red Sea shipping routes are anticipated to pose additional costs and delays for suppliers and retailers, adding further complexity to the market. The prevailing volatility both domestically and globally, accurately forecasting tea prices for an extended period remains a daunting task, as highlighted by industry experts. Amidst these uncertainties, strategic adaptability and resilience will be paramount for stakeholders navigating the ever-evolving dynamics of the tea trade.

Mabroc Teas

KVPL Group's marketing subsidiary Mabroc Teas recorded its highest volumes since inception although Revenue declined due to the depreciation of the US Dollar against the Sri Lankan Rupee. Revenue reached Rs. 12.5 B compared to Rs. 12.6 B the previous year but Mabroc remained the third largest bulk exporter in the country. The Company's Gross profits increased by 3.7% to Rs. 1.6 B, compared to Rs. 1.5 B the previous year whilst PBT decreased by 33.8% to Rs. 665 m. Compared to 1 B in the last financial year mainly due to the reduction in exchange gain compared to previous year.

During the year the Company achieved two significant milestones in its strategic market expansion endeavors. Firstly, it forged a strategic partnership to access markets in Poland and other European regions, enabling direct placement of our value-added teas on supermarket shelves in Poland. Additionally, the Company

ventured into trading operations in Kenya, facilitating the trade of teas from Kenya, Rwanda, Malawi, and Tanzania to be exported as bulk teas to Europe.

Moreover, it is significant that Mabroc maintained its position as Sri Lanka's largest exporter to China and Taiwan. China is identified by industry analysts as the market with the highest growth potential for tea. Consequently, the Company's R&D efforts have been directed towards product development tailored for the Chinese market. Investments were made into infrastructure and the acquisition of human resources with specialized experience in the Chinese market, reflecting our commitment to capitalizing on these lucrative markets.

Mabroc's commitment to researching current and future trends in the global tea industry is continuous. The Company gathers valuable market insights

that inform our strategic approach, particularly in market mapping initiatives. The Company prioritizes research and development, maintaining a dedicated team focused on exploring new ideas and crafting innovative tea products. By investing in state-of-the-art technology and equipment, we empower our team to push the boundaries of tea innovation.

Throughout the year, our research reaffirmed the growing emphasis on health consciousness as an important driver of tea consumption, with flavored ice teas emerging as particularly favored among younger demographics. Responding to these insights, the Company introduced a new line of fruity teas, featuring flavors such as Strawberry, Lemon & Mint, and Green Tea. In tandem with this innovative product launch, the company crafted a dynamic tagline, "Sip in Style," designed to resonate with the preferences of the younger market segment.

Rubber

636,446 kg of certified Rubber (GOLS & FSC), was sold accounting for 25% of Total Rubber sales

Rubber

Industry Review

Rubber production continued to decline in 2023 for the third consecutive year largely due to the impacts of the Pestalotiopsis (PESTA) disease, combined with effects of adverse weather conditions. Sri Lanka's Rubber production declined by 9.1% to 64 m kg during the year.

Sri Lanka's export earnings from rubber declined by a sharp 27% during the year mainly owing to the production shortfall. In Rupee terms export earnings declined by 8.66% once again owing to the appreciation of the Rupee vis a vis the US Dollar.

The prices for Crepe and RSS rubber both continued to rise as the year progressed. Following both Crepe 1X and RSS 1 trading at Rs. 573 and Rs. 464 respectively at the start of the year, prices for crepe 1X rose to Rs. 760 and RSS 1 to Rs. 690 per kg. at year end. The other grades showed a similar pattern.

Company Performance

The Company's Rubber production, in line with the country's production, declined during the year, due to the impact of

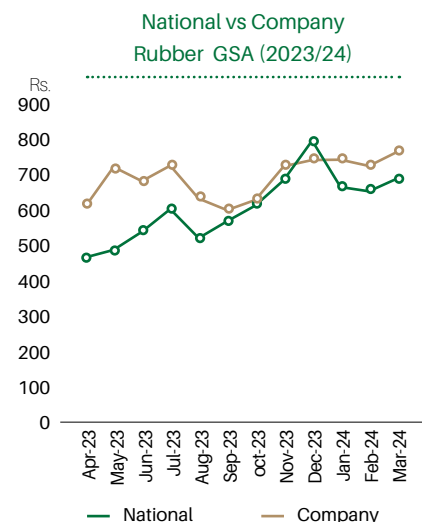
the fungal Leaf Decease (PESTA), which impacted Rubber trees across all our estates. The adverse weather conditions of incessant rains during the months of April to November, which is the peak period for tapping exacerbated the shortfall. KVPL's production accordingly declined by 12% (321,000 kg) in 2023. Nevertheless, our effective home-grown solution of installing rain guards on rubber trees to increase the tappable days and crop, continued to cushion the impacts.

KVPL refrained from replanting rubber during the year due to PESTA impacts which was also prevalent in the new clearings and hampered the growth of young plants planted in the previous years.

The production shortfall resulted in our inability to accept some export orders contributing to a drop in the volume of exports by KVPL during the year to 223,138 kg of Latex Crepe and Sole Crepe. KVPL's Export Revenue thus declined by 59% to 264 m (from 648 m the previous). KVPL's Rubber segment constitutes Direct Exports which contribute 9% and Auction and other local sales which comprise the larger share of 91%.

KVPL is one of the few Regional Plantation Companies (RPCs) who has the ability to cater different segments of the natural rubber market due to its capability in manufacturing different Rubber grades i.e. Sole Crepe, Latex Crepe, Centrifuge Latex etc.

Therefore, the Company shift its product mix from grade to grade in order to obtain market benefits from price fluctuations.



Sector Review

The year under review marked a milestone as KVPL became the pioneers to introduce a digital weighing system for rubber tapping operations. With the integration of online real-time data, the performance of manual tea harvesters and rubber tappers are now tracked digitally using a weighing scale mechanism.

Another significant achievement during the year, underscoring our strategic direction to expand direct exports, was the accreditation of ISO 22000:2018 and HACCP received by our Dewalakanda Rubber Processing centre. These certifications will greatly bolster prospects for food grade rubber in the food industry and hence our direct marketing strategy.

In response to the challenges facing the Rubber sector, including declining price competitiveness and stagnant demand, the Company has embraced a strategic shift to ascend the value chain. KVPL remains committed to this strategy by continuously expanding its range of high-end branded products for direct export. This forward-looking approach not only strengthens our market positioning but also underscores our resilience in the face of industry.

In December of last year (2023), KVPL participated in the Vietnam Expo held in Ho-Chi Minh City where we showcased our premium natural rubber offerings, including Sole Crepe and Latex Crepe No. 1. The interest surpassed expectations, leading to a surge in new inquiries, and as at year end, the Company had dispatched two sample shipments for which the responses were most encouraging. The certifications held by KVPL, specially FSC and Global Organic Latex Standard (GOLS), drew the attention of visitors to the stall and proved to be key competitive advantages. Furthermore, our participation has ignited ongoing dialogues with potential collaborators from Malaysia and China, signaling an expanding interest that extends beyond the borders of the Vietnamese market.

Snap shot of our response to Challenges

Challenges Identified in 2023-24	Our Strategic Response
A fungal disease which impacted Rubber trees causing leaves to fall which in turn impacted sap due to the lack of canopy to support the sap	Response hinges on industry and RRI R&D and a concerted effort towards a treatment
Decrease in production due to adverse weather	Expanded the use of rain guards to minimize the impact due to rain
Escalating costs of fertilizer	Cost management strategies and mechanization
Impacts of inflation on cost of production	Cost reduction through infusion of technology such as automation of plants Initiatives to reduce dependence on grid electricity by increasing Solar energy component in our energy mix
Declining global demand and prices	Continue to ascend on the value chain for direct exports
Declining profitability & crop productivity	Introduce multi-cropping and crop diversification

Outlook

Anticipating a stable demand for Tea and Rubber in the upcoming period, albeit amid market uncertainties heightened by the Russian-Ukrainian conflict, we remain vigilant about potential volatility affecting demand dynamics. Notably, the rubber market, which experienced a surge in demand during the COVID-19 pandemic in 2021 due to the global need for rubber gloves, witnessed a decline in 2022 and 2023 and is projected to plateau at current levels in the next two years ahead.

In a backdrop of market challenges KVPL will prioritize innovative solutions, particularly the acceleration of the integration of technology to optimize resource utilization. Initiatives include the modernization and automation of key rubber manufacturing plants to streamline production costs and enhance product quality.

Following the launch of a pilot project in 2022 of planting Coconut as a step towards transcending to an "Agribusiness" from a conventional plantation agriculture business, KVPL continued to advance this strategy. We will look to expand crop diversification strategy with the cultivation of Cardamom, Pepper, Cloves, Agarwood and Coffee in the year ahead with the twin objectives of improving productivity of our land extents, in addition to improving soil nutrition. Crop diversification will also help to mitigate the impacts of price fluctuations of the two main crops of Tea and Rubber.

Building on our successful foray into direct exports over the past decade, we will intensify our efforts to expand in these markets. The Company's international certifications for social and environmental best practices, including FSC, GOLS, and Fair Rubber, position it favorably as discerning buyers increasingly prioritize sustainability. This solid foundation, coupled with KVPL's reputation for quality, punctuality, and reliability, consolidates its brand equity and facilitates expansion into natural rubber markets both domestically and globally. KVPL is one of few suppliers in the world who are internationally certified for its social and environmental best practices as an increasing number of high-end buyers seek and value the social and environmentally sustainable models of their suppliers.

We Can Should Will

Foster a harmonious coexistence



Fostering harmony in every sphere of our operations, ensuring that
diversity and development grow hand in hand

1 Financial Capital

The pool of financial assets accessible to our organization, or our allocation towards the production and delivery of services.

3 Intellectual Capital

Our Intellectual Capital, consisting of patents, software, systems, and procedures, reflects our commitment to enriching knowledge. It embodies our values of continuous improvement, collaborative innovation, and sustainable growth. Strengthening our Intellectual Capital is integral to driving value creation and enhancing organizational capabilities.



Six Capitals Value Creation

Effective Engagement Hours with IUCN and Experts from Sri Lanka and International Universities for the Development of a Nature-Based Intellectual Research Tourism Model and Sustainable Knowledge Management Concepta Inter-connectivity of six capitals in KVPL's truly sustainable business model. Our forward-looking approach enriches with company's EESG framework – KVPL's Corporate DNA which helps us to better articulate values and monitor the strategic journey to achieve sustainable value creation within our new business model of managing plantations. This helps us to foster a harmonious coexistence while achieving our business objectives.

2 Manufactured Capital

Our ESG strategy prioritized knowledge enrichment and management for value creation. In leveraging Manufactured Capital, we focus on optimizing physical assets like buildings and machinery to enhance production capabilities and ensure long-term sustainability.

4 Human Capital

The Human Capital of our organization encompasses the skills, expertise, and experience of our people. This approach to managing knowledge not only enhances the connection between sustainable HRM practices and worker productivity, but also propels our competitive edge in every facet of our operations. Our dedication to enriching knowledge remains steadfast, guiding us towards sustained growth and success.

5 Social & Relationship Capital

Our organization's social capital encompasses the relationships and institutions that exist within and between our communities, stakeholders, and various networks. These connections are vital, fostering collaboration, trust, and mutual support. By engaging with these diverse groups, we build a robust network that strengthens our organizational fabric and enhances our ability to drive positive change and achieve our mission.

6 Natural Capital

Our organization recognizes the intrinsic value of natural resources, including air, water, land, Biodiversity, and ecosystem health. We are committed to both creating value in Agriculture and safeguarding these resources. Understanding the interconnectedness of land productivity, community well-being, and financial stability, we adopt a holistic approach to our responsibilities.

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Financial Capital

Since we have generated significant value for our financial capital over the previous years, we were able to focus on protecting our financial resilience during this year and to continue the business uninterrupted and maintain a strong position of liquidity whilst ensuring the wellbeing of our Estate workforce and staff and maintaining the trust of all Stakeholders.

Key indicators of financial capital are discussed in this section.

Our financial capital consists of monetary resources which are deployed to create value whilst maintaining stability through our core business activities. Effective and efficient financial capital management is a fundamental in our business to create sustainable value for our stakeholders.

Status of the Financial capital

Stated Capital

Rs. 340 m

2023/24

Rs. 340 m

2022/23

EBITDA

Rs. 2,376 m

2023/24

Rs. 3,246 m

2022/23

General Reserve & Retained Earnings

Rs. 7,524 m

2023/24

Rs. 6,815 m

2022/23

LT Borrowings

Rs. 63 m

2023/24

Rs. 17 m

2022/23

ROCE

19.07%

2023/24

29.74%

2022/23

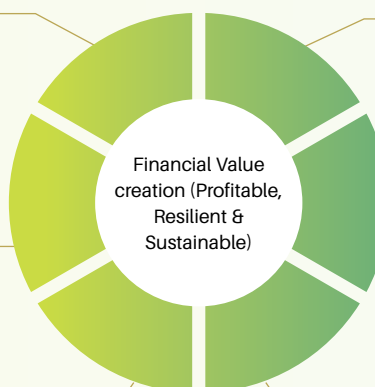
ST Borrowings

Rs. 1,021 m

2023/24

Rs. 1,417 m

2022/23



Risks & responses relating to Financial Capital

Risk	Mitigatory Actions
Changes in taxes	- Effective tax planning.
Changes in interest rates	- Follow up on debtors and inventory to minimise requirement of working capital. - Daily monitoring of Cash flows. - Settlement of high interest rates borrowings and replace with utilising low interest rate borrowings.
Non-availability of funds for growth and expansion	- Credit lines which are secured on a long-term basis with favourable terms and conditions

Key Highlights of the Year

Short-term Investments

Rs. 1.5 B

Retained Earnings

Rs. 7.5 B

Gearing

20%



Achievements

KVPL's high level of compliance timely & accurate reporting, continue to receive foremost recognitions locally and internationally. The most recent includes being **Gold Award winner for the third consecutive year** in the Plantation segment for its 2022/23 Annual Report at the TAGS Awards organised by CA Sri Lanka in 2023 and Silver awards at the SAFA best presented Annual report awards held in India in December 2023.



Ensuring efficient use of financial resources

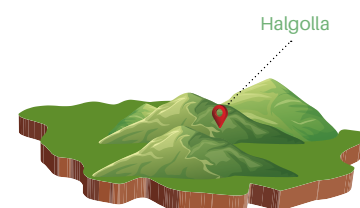
The Board of Directors, together with the Audit Committee, has established the mechanisms and guidelines to ensure the effective allocation of resources. Prior approval from Group Management Committee (GMC) is taken for Capital Expenditure and Budgetary controls.

Rare Ace

Halpe egena



Rare and endemic butterfly. It's recent records are restricted to the higher elevations of Peak Wilderness and Knuckles range. Was recorded at Halgolla estate at a relatively low elevation range.



Financial Capital

Financial Performance at a Glance

Revenue

2023/24

Rs. 19,968 m

4%



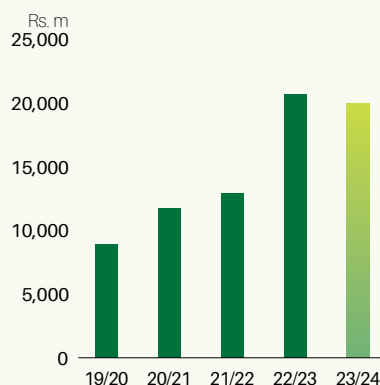
Impact

Rs. (736) m

2022/23

Rs. 20,704 m

Movement during last 5 years



Despite key impacts, the Company managed to curtail Revenue reduction at 4% as a result of better agricultural practises which leads to 12% increase in tea crop over the previous year.

Key impacts

Downward price movement for both Tea and Rubber.

Reduction in the quantity of rubber sold due to the drop in production as a result of PESTA disease as well as the reduction in global demand for rubber.

Cost of Sales

2023/24

Rs. 16,925 m



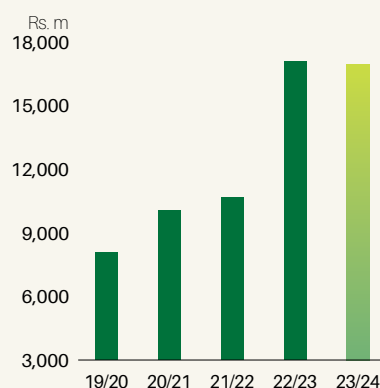
Impact

1%

Rs. (121) m

2022/23

Rs. 17,046 m



Reduction in cost of sales shows better cost management by the company during the year. In a year where turnover was also impacted negatively, better cost management is key for operational efficiency.

Marginal reduction in input materials such as fertiliser and chemicals.

Reduction in rubber production.

Other Income

2023/24

Rs. 214 m

14%

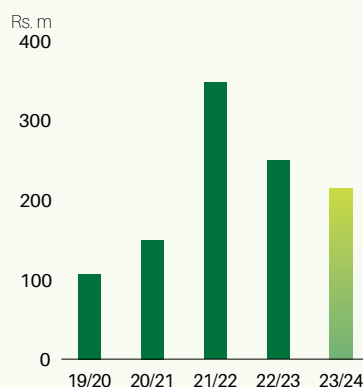


Impact

Rs. (36) m

2022/23

Rs. 250 m



Lower dividends from Mabroc and decrease in gain on change in fair value of biological assets.

Admin Cost

2023/24

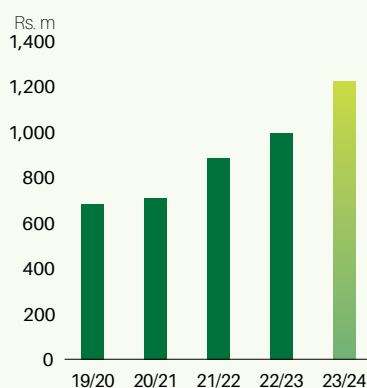
Rs. 1,216 m

23%
v Impact
Rs. 227 m

2022/23

Rs. 989 m

Movement during last 5 years



Key impacts

Increase in electricity tariff, payroll related cost, depreciation and parent company cost allocations.

Finance Income

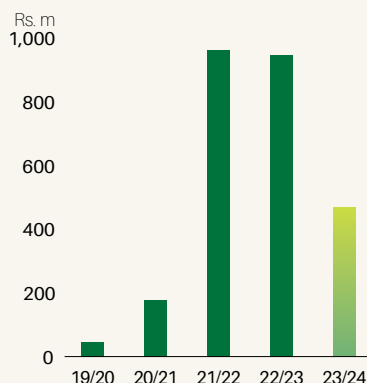
2023/24

Rs. 466 m

51%
v Impact
Rs. (479) m

2022/23

Rs. 945 m



Irrespective of decrease in finance income, the Company managed to maintain net finance income for the financial year.

The decrease in interest rates on Treasury Bills and Fixed Deposits.

Finance Expenses

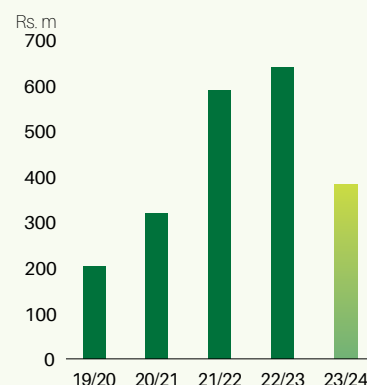
2023/24

Rs. 384 m

40%
^ Impact
Rs. (257) m

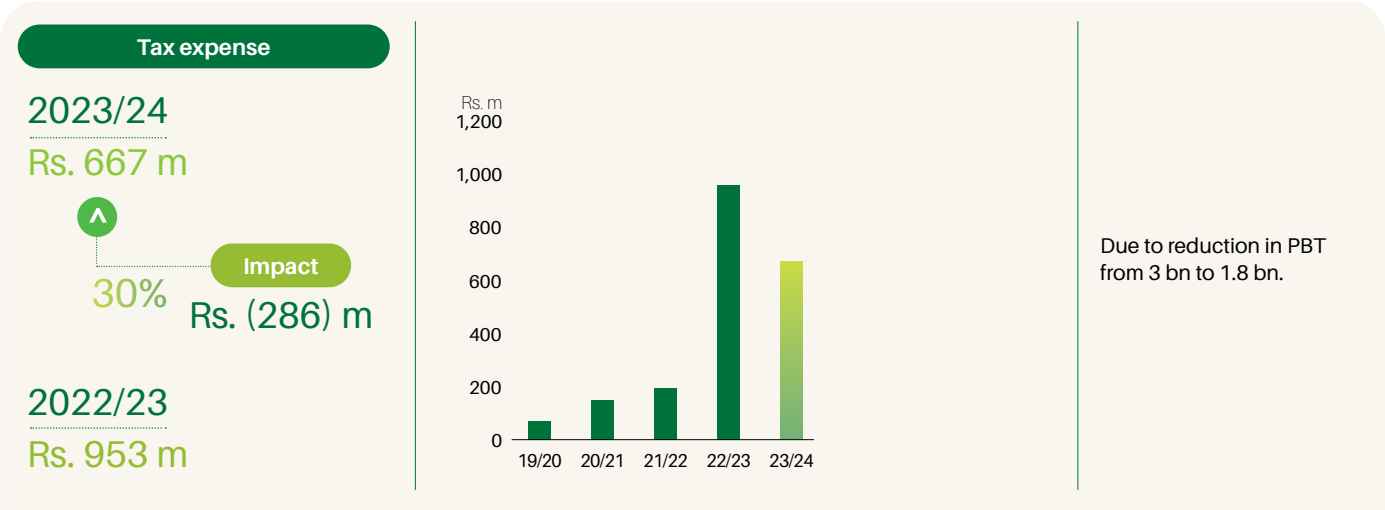
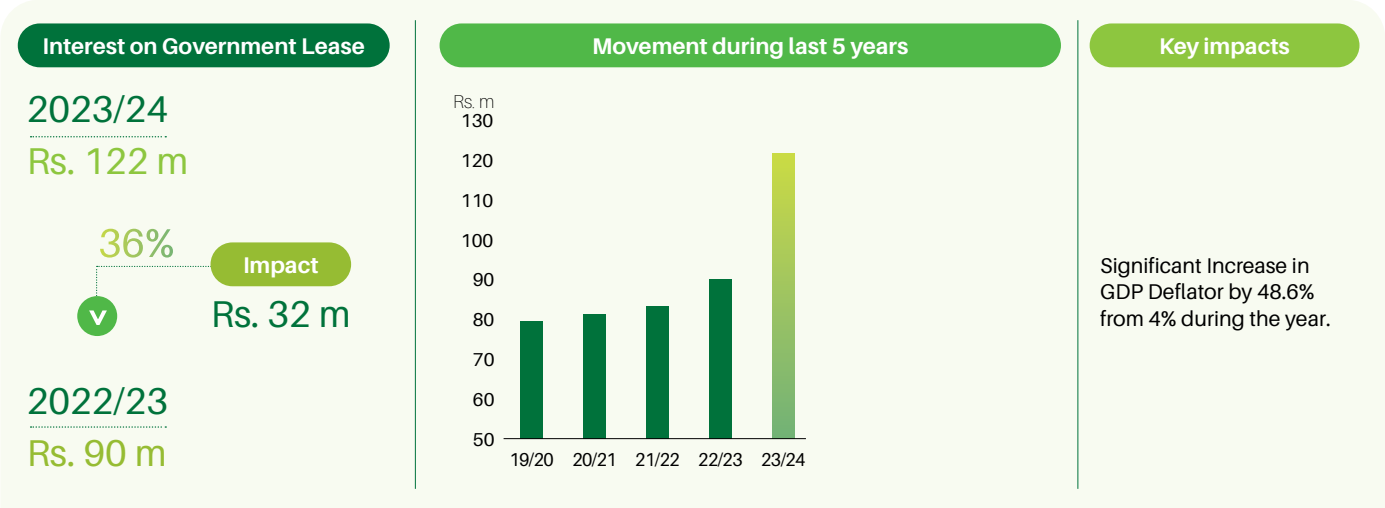
2022/23

Rs. 641 m



Decreased significantly due to reduction in interest rates on overdraft and better management of working capital.

Financial Capital



Financial Position at a Glance

GRI 201-4

Rs. m	2023/24	2022/23	Change	Key impacts
Non-Current Assets				
Freehold Property, Plant & Equipment	2,807	2,587	220	Additions to the Freehold PP&E. Details are shown in the Manufactured capital section.
Bearer Biological assets	3,992	3,985	7	KVPL's investment into replanting of Tea, Rubber, Cinnamon, Coconut and other export crops increased over its depreciation. Details are shown in the Manufactured capital section.
Biological assets (Consumables)	271	238	33	Due to new planting of consumable biological assets and fair value gain in Timber Plantations and crop during the year.
Current Assets				
Inventories	2,039	2,359	(320)	Controlled and managed input materials, spares & consumable stock due to availability in the market has improved compared to the previous year, reflecting better inventory management and increased production capabilities.
Trade and other receivables	2,408	2,304	104	Increase in trade receivables at KVPL due to better auction sales.
ST deposits, cash in hand and bank	2,078	1,740	338	Increase in short term deposits and cash by Mabroc. KVPL invested in Mabroc, utilizing part of it's short-term deposits
Equity and liabilities				
Non-Current liabilities				
Deferred income	655	653	2	Increase in grant received over the Amortisation for the year (subsidy for Replanting, rain guarding and other capital assets) by KVPL.
Deferred tax liability	1,103	992	111	Due to the increase in effective tax rate to 30% in calculation of differed tax.
Retirement benefit obligations	1,264	1,077	187	Decrease in discounting rate in computation of actuarial valuation.
Long-term liability to make lease payment	855	632	223	Increase due to re-assessment.
Current Liabilities				
Trade and other payables	1,757	1,773	(14)	Reduction in trade payables, other payables & accruals of both KVPL & Mabroc.
Amounts due to other related companies	130	80	50	Increase in related party transactions of KVPL.
Income tax payable	263	207	56	Quarterly tax payments are lower due to lower profitability compared to previous year.
Short-term interest-bearing borrowings	1,021	1,417	(396)	Settlement of short-term borrowings by Mabroc as a result of the stable performance.
Bank Overdraft	0.2	151	(151)	Mainly due to the Group's stable performance of the better cash management.

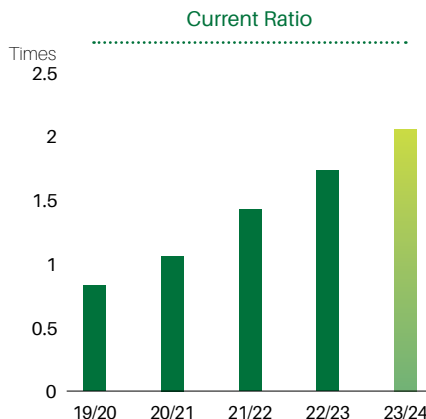
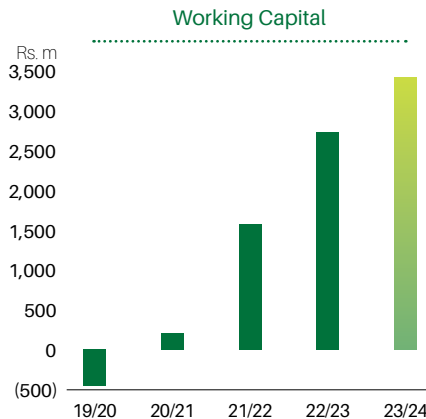
Financial Capital

Ratio Analysis

	2023/24	2022/23	Change	Movement during last 5 years	Key reasons																		
Earnings (per Share) – Rs.	17.26	30.70	(13.44)	<p>We have paid 22% dividend out of EPS during the year compared to 33% from previous year EPS.</p> <p>EPS Vs DPS</p> <table><caption>EPS Vs DPS Data</caption><thead><tr><th>Year</th><th>EPS (Rs.)</th><th>DPS (Rs.)</th></tr></thead><tbody><tr><td>19/20</td><td>0</td><td>0</td></tr><tr><td>20/21</td><td>12</td><td>3</td></tr><tr><td>21/22</td><td>26</td><td>5</td></tr><tr><td>22/23</td><td>31</td><td>10</td></tr><tr><td>23/24</td><td>17</td><td>4</td></tr></tbody></table>	Year	EPS (Rs.)	DPS (Rs.)	19/20	0	0	20/21	12	3	21/22	26	5	22/23	31	10	23/24	17	4	Reduction in revenue and profits as a result of sale price reduction.
Year	EPS (Rs.)	DPS (Rs.)																					
19/20	0	0																					
20/21	12	3																					
21/22	26	5																					
22/23	31	10																					
23/24	17	4																					
Dividend (per Share) – Rs.	3.75	10.00	(6.25)																				
Net Assets (per Share) – Rs.	115.65	105.22	10.42	<p>Generally, a good NAV indicates the strength of a company’s shares. This can be a good opportunity for investors to buy shares in the company at a discount.</p> <p>Net Assets per Share</p> <table><caption>Net Assets per Share Data</caption><thead><tr><th>Year</th><th>Net Assets (Rs.)</th></tr></thead><tbody><tr><td>19/20</td><td>50</td></tr><tr><td>20/21</td><td>62</td></tr><tr><td>21/22</td><td>85</td></tr><tr><td>22/23</td><td>105</td></tr><tr><td>23/24</td><td>116</td></tr></tbody></table>	Year	Net Assets (Rs.)	19/20	50	20/21	62	21/22	85	22/23	105	23/24	116	Increase in profits and reserves						
Year	Net Assets (Rs.)																						
19/20	50																						
20/21	62																						
21/22	85																						
22/23	105																						
23/24	116																						
ROCE (%)	19.07	29.74	(15.91)	<p>In the plantation sector, 18.35% ROCE is a good indicator of the Company’s performance and profitability.</p> <p>ROCE Vs ROE</p> <table><caption>ROCE Vs ROE Data</caption><thead><tr><th>Year</th><th>ROCE (%)</th><th>ROE (%)</th></tr></thead><tbody><tr><td>19/20</td><td>6</td><td>10</td></tr><tr><td>20/21</td><td>16</td><td>22</td></tr><tr><td>21/22</td><td>19</td><td>35</td></tr><tr><td>22/23</td><td>34</td><td>45</td></tr><tr><td>23/24</td><td>18</td><td>25</td></tr></tbody></table>	Year	ROCE (%)	ROE (%)	19/20	6	10	20/21	16	22	21/22	19	35	22/23	34	45	23/24	18	25	Drop in profits
Year	ROCE (%)	ROE (%)																					
19/20	6	10																					
20/21	16	22																					
21/22	19	35																					
22/23	34	45																					
23/24	18	25																					
ROE (%)	23.50	42.50	(19)																				

	2023/24	2022/23	Change	Movement during last 5 years	Key reasons																		
ROA (%)	7.83	14.56	(6.73)	<p>Company has efficiently used its Assets to generate a profit.</p> <p>PAT Vs ROA</p> <table><caption>PAT Vs ROA Data</caption><thead><tr><th>Year</th><th>PAT (Rs. m)</th><th>ROA (%)</th></tr></thead><tbody><tr><td>19/20</td><td>100</td><td>4</td></tr><tr><td>20/21</td><td>900</td><td>8</td></tr><tr><td>21/22</td><td>1700</td><td>14</td></tr><tr><td>22/23</td><td>2100</td><td>15</td></tr><tr><td>23/24</td><td>1200</td><td>8</td></tr></tbody></table>	Year	PAT (Rs. m)	ROA (%)	19/20	100	4	20/21	900	8	21/22	1700	14	22/23	2100	15	23/24	1200	8	Due to profitability and assets growth
Year	PAT (Rs. m)	ROA (%)																					
19/20	100	4																					
20/21	900	8																					
21/22	1700	14																					
22/23	2100	15																					
23/24	1200	8																					
Price Earnings (Times)	4.29	2.33	1.96	<p>Reduction in earnings and marginal increase in share price resulted in a significant increase in P/E Ratio.</p> <p>EPS and Price Earnings Ratio</p> <table><caption>EPS and Price Earnings Ratio Data</caption><thead><tr><th>Year</th><th>EPS (Times)</th><th>Price Earnings Ratio (Rs.)</th></tr></thead><tbody><tr><td>19/20</td><td>(50)</td><td>25</td></tr><tr><td>20/21</td><td>(20)</td><td>25</td></tr><tr><td>21/22</td><td>10</td><td>25</td></tr><tr><td>22/23</td><td>30</td><td>25</td></tr><tr><td>23/24</td><td>(15)</td><td>26</td></tr></tbody></table>	Year	EPS (Times)	Price Earnings Ratio (Rs.)	19/20	(50)	25	20/21	(20)	25	21/22	10	25	22/23	30	25	23/24	(15)	26	Increase in share price and decrease in EPS
Year	EPS (Times)	Price Earnings Ratio (Rs.)																					
19/20	(50)	25																					
20/21	(20)	25																					
21/22	10	25																					
22/23	30	25																					
23/24	(15)	26																					
Gearing (%)	20	25	(5)	<p>A low gearing ratio of 20% shows a low proportion of debt to equity with low financial risk.</p> <p>Gearing</p> <table><caption>Gearing Data</caption><thead><tr><th>Year</th><th>Borrowings (Rs. m)</th><th>Owners Equity (Rs. m)</th></tr></thead><tbody><tr><td>19/20</td><td>2000</td><td>3500</td></tr><tr><td>20/21</td><td>3500</td><td>4500</td></tr><tr><td>21/22</td><td>3000</td><td>6000</td></tr><tr><td>22/23</td><td>2500</td><td>7500</td></tr><tr><td>23/24</td><td>2000</td><td>8000</td></tr></tbody></table>	Year	Borrowings (Rs. m)	Owners Equity (Rs. m)	19/20	2000	3500	20/21	3500	4500	21/22	3000	6000	22/23	2500	7500	23/24	2000	8000	Increase in shareholders' fund due to Profits and decrease in Debts.
Year	Borrowings (Rs. m)	Owners Equity (Rs. m)																					
19/20	2000	3500																					
20/21	3500	4500																					
21/22	3000	6000																					
22/23	2500	7500																					
23/24	2000	8000																					

Financial Capital

	2023/24	2022/23	Change	Movement during last 5 years	Key reasons												
Current ratio (times)	2.06	1.73	0.33	<p>A current ratio of 2.06 indicates healthy liquidity position and it continues to improve compared to previous years.</p>  <table><caption>Current Ratio Data</caption><thead><tr><th>Year</th><th>Current Ratio (Times)</th></tr></thead><tbody><tr><td>19/20</td><td>0.8</td></tr><tr><td>20/21</td><td>1.1</td></tr><tr><td>21/22</td><td>1.4</td></tr><tr><td>22/23</td><td>1.73</td></tr><tr><td>23/24</td><td>2.06</td></tr></tbody></table>	Year	Current Ratio (Times)	19/20	0.8	20/21	1.1	21/22	1.4	22/23	1.73	23/24	2.06	Reduction in Short-term interest-bearing borrowings.
Year	Current Ratio (Times)																
19/20	0.8																
20/21	1.1																
21/22	1.4																
22/23	1.73																
23/24	2.06																
Working capital (Rs. m)	3,431	2,732	699	<p>Increased working capital shows the Company's ability to meet its commitments and its healthy liquidity position.</p>  <table><caption>Working Capital Data</caption><thead><tr><th>Year</th><th>Working Capital (Rs. m)</th></tr></thead><tbody><tr><td>19/20</td><td>(100)</td></tr><tr><td>20/21</td><td>200</td></tr><tr><td>21/22</td><td>1,600</td></tr><tr><td>22/23</td><td>2,732</td></tr><tr><td>23/24</td><td>3,431</td></tr></tbody></table>	Year	Working Capital (Rs. m)	19/20	(100)	20/21	200	21/22	1,600	22/23	2,732	23/24	3,431	Reduction in Short-term interest-bearing borrowings
Year	Working Capital (Rs. m)																
19/20	(100)																
20/21	200																
21/22	1,600																
22/23	2,732																
23/24	3,431																

Segmental Analysis

1. Turnover

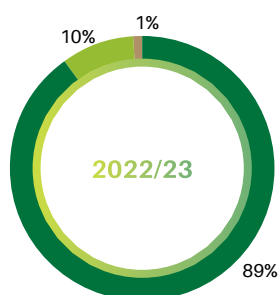
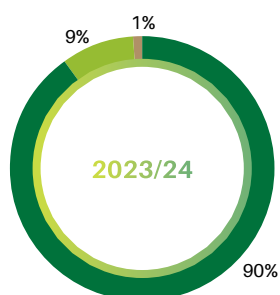
Tea and Rubber segmental turnover decreased by 2% & 18% respectively during the year. Tea revenue was impacted by decrease in prices associated with Rupee appreciation whereas Rubber revenue dropped due to reduction in both prices and production.

The Tea sector continued to be the main contributor to Group turnover accounting for a 90% share, whilst Rubber accounted for 9%. Other segment (Hydro power sector) secured 1% from the Group Revenue.

KVPL contributed 31% to the Tea segment whereas balance 69% came from our fully owned marketing subsidiary Mabroc. sustain its export market share to support Group Revenue growth.

KVPL Tea comprises 79% from Western High Grown and 21 % from Low Grown Teas.

Group Turnover



● Tea ● Rubber ● Other

2. Capital Expenditure on Field developments

The Total Capital Expenditure on field development for the current and previous is as follows;

Crop Type	Tea	Rubber	Cinnamon	Coconut	Others	Total
2023/24 (Rs. m)	-	113	11	41	57	222
2022/23 (Rs. m)	1	161	22	84	21	289
Change	(100%)	(30%)	(50%)	(51%)	171%	(23%)

During the year under review, more of upkeep work was carried out in Rubber, Cinnamon, Coconut, Cloves, Cardamom and Agarwood whereas new planting was initiated for Coffee which added to the export Agro-crop portfolio of the company.

Performance Measurement

Quarterly Performance

Tabulated below is the quarterly performance of the Group. The Revenue was more or less equally distributed throughout the year. The highest Gross Profit/PBT & PAT was recorded in the last quarter.

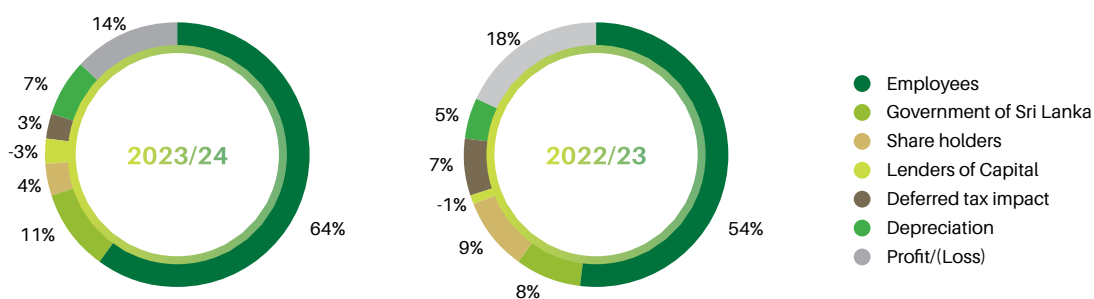
(Rs. m)	Q1	Q2	Q3	Q4	Total
Revenue	5,296	4,810	4,284	5,578	19,968
Gross Profit	519	690	585	1,248	3,043
Administration expense	273	331	321	291	1,216
Profit Before Tax	251	422	263	913	1,849
Profit After Tax	177	305	163	538	1,183
Profit attributable to equity holders	176	306	159	533	1,173
Total Assets	14,661	13,974	14,074	15,105	15,105
Total Equity	7,381	7,526	7,670	7,933	7,933

Statement of Value Addition and distribution - 2023/24

GRI 201-1

For the year/period ended 31st March	Group				Company			
	2023/24 Rs. m		2022/23 Rs. m		2023/24 Rs. m		2022/23 Rs. m	
Revenue	19,968		20,704		7,432		8,390	
Other income	214		249		336		730	
	20,182		20,953		7,768		9,120	
Cost of material and services obtained	(13,631)		(13,214)		(2,321)		(2,679)	
Value addition	6,552		7,739		5,447		6,440	
Value created shared with		%		%		%		%
Employees	4,185	63.8	4,110	53.1	3,882	71.3	3,728	57.9
Government of Sri Lanka	698	10.7	627	8.1	393	7.2	292	4.5
Share holders	255	3.9	680	8.8	255	4.7	680	10.6
Lenders of Capital	(189)	(2.9)	(75)	(1.0)	(268)	(4.9)	(256)	(4.0)
Deferred tax impact	168	2.6	568	7.3	159	2.9	564	8.8
Value Retained for expansion & Growth								
Depreciation	494	7.5	420	5.4	381	7.0	326	5.1
Profit/(Loss)	940	14.3	1,408	18.2	644	11.8	1,105	17.2
	6,552	100	7,739	100	5,447	100	6,440	100

Distribution of value addition





Manufactured Capital

Enriching knowledge capital and sustaining knowledge for managing new knowledge for value creation was the focus of our ESG (Environmental, Social, and Governance) strategy during the year. Within this framework, our approach to deriving and driving value creation through Manufactured Capital is twofold: knowledge enrichment and facilitating knowledge-led management.

In addition to the pivotal role of manufacturing capabilities in our value creation model, it also plays a critical role in advancing our sustainability efforts. By optimizing resource utilization and operational efficiency, we not only minimize our environmental footprint but also bolster our adaptability and responsiveness to market demands. This strategic approach fosters innovation, expedites product development, and accelerates our time-to-market.

KVPL's Manufactured Capital can be classified as Biological Assets, Inventory, Buildings, Machinery and Agri Equipment.

Bearer Biological Assets

As an agricultural enterprise, we consider biological assets as the most valuable class of Assets of the Company. These assets encompass the various crops we cultivate, serving as not only sources of current income but also as catalysts for future revenue. At KVPL they are primarily our traditional Tea and Rubber trees and as of recently, Cinnamon, Coconut, Agarwood, Cloves, Coffee and Cardamon. The success of our plantation operations hinges on the vitality and diversity of these biological assets.

Strategies for sustaining and enhancing our biological assets for the future

- the periodic replanting of existing crops
- Strategic diversification of our crops into high value export crops such as coffee, cinnamon and cardamon in order to bolster profitability in the face of market fluctuations for Tea and Rubber as well as to improve the productivity of the soil that is derived from changing crops and the benefits of different root depths.

One of the strategies that we pursue to rejuvenate the productivity and vitality of these crops which decline due to the declining productivity of soil, is crop diversification. The agroforestry model introduced over the year is a Sustainable re-generative Agriculture model to enhance productivity level per unit of land area comprising different crop species which serve specific purposes such as commercial/ economic value, as shade giving and cover crops in order to maximum utilization of vertical and horizontal spaces to enhance land productivity.

Our bearer biological assets have seen significant additions during the year. These additions reflect our ongoing commitment to enhancing our biological asset base and supporting sustainable growth.

Manufactured Capital

Biological Assets	Additions- 2023/24	
	Current Value Rs.'000	Extent in hectares
Rubber	112,904	451.42
Cinnamon	10,991	42.33
Coconut	40,683	227.49
Coffee	39,201	52.82
Fuelwood	1,345	29.29
Other	17,086	17.99
Total	222,210	821.34

Total cost of both consumable and bearer biological assets are shown below;

Type of Crop	Extent in hectares		Current Value Rs.'000	
	2023/24	2022/23	2023/24	2022/23
(Bearer Biological Assets)				
Tea	3,282	3,293	1,281,493	1,281,493
Rubber	3,509	3,683	3,764,648	3,651,744
Cinnamon	185	179	269,508	258,517
Coconut	251	264	241,747	201,064
Coffee	53	14	53,331	14,130
Agarwood	10	10	22,496	22,496
Other minor crops	39	29	38,170	21,084
(Consumable Biological Assets)				
Timber	221	221	246,950	237,603
Fuelwood	60	55	24,234	22,889
Total	7,610	7,748	5,942,577	5,711,020

Inventory

The primary manufactured Assets of the Company consist of stocks of Tea, Rubber, and Cinnamon, which represent its earning capacity. The KVPL Group's total inventory value remained within the Rs. 2 Bn range, as detailed under note 17.2 of the financial statements.

Land

Mabroc Teas acquired land at an investment of Rs. 205 m during the year to expand their operational capacity, bringing the accumulated value of their land holdings to Rs. 747 m.

Buildings

Our building portfolio encompasses a variety of structures essential to our operations. This includes office buildings, tea and rubber factory facilities, warehouses, estate bungalows, and other infrastructure situated across our estates. Among these are children's creches, worker rest areas, worker housing, modern residential projects, and internal road networks.

These buildings serve as vital components of our organizational framework, providing spaces for administrative functions, manufacturing processes, storage, residential accommodation, and community amenities. Through strategic design and maintenance, we ensure these structures not only meet operational needs but also contribute to the well-being and productivity of our workforce and surrounding communities.

Machinery and Agri Equipment:

Our modern and diverse manufacturing infrastructure provides the foundation for maintaining the highest quality standards across our biological assets. By integrating advanced technologies and optimizing processes, we not only ensure efficiency but also prioritize resource conservation.

Other Equipment including Computers:

We invested Rs. 3.2 m in procuring computer equipment essential for the implementation of our new ERP system. Furthermore, we've allocated an additional Rs. 10 m in our budget for further computer and related equipment needed to support for this project.

The new acquisitions to our Manufactured Capital, (outlined in the table below), were strategically pursued with several key objectives in mind. These objectives included enhancing efficiency and productivity across our operations achieving cost savings as well as facilitating new avenues of income generations.

Property, Plant and Equipment's - Additions in 2023/24:

Item	Group (Rs.)	Purpose
Land	205,322,872	To expand operational capacity of Mabroc Teas
Motor Vehicles	173,507,579	To Replace old vehicles & reduce maintenance and fuel cost
Furniture & Fittings and equipment	30,080,196	To refurbish new Tea center "Planters Grove" and to support field operations of KVPL & Factory operations in Mabroc
Buildings	20,466,828	To build a new Tea center "Planters Grove"
Plant & Machinery	8,281,368	To replace old machinery and increase rubber drying capacity.
Computers	3,599,208	To implement new ERP system
Total	441,258,051	

Plans for expansion of our Manufactured Capital in 2024

- Installation of 3 new roof top Solar energy plants at Ingestre tea factory, Panawatte rubber factory and our regional office in Dickoya at a total investment of Rs. 80 m.
- Renovation of Ingestre tea factory to cater to the demands of export markets with an infusion of Rs. 85 m.
- Investing in drone-based chemical/fertilizer application with an investment of Rs. 30 m annually.
- Implementation of the new ERP system which was begun in 2023. This comprehensive system integrates critical functions such as production, sales, check roll, payroll, inventory management, fleet management, and general ledger, among others; enabling enhanced efficiency and streamlining operations.

As we navigate the evolving landscape of industry and technology, the sudden emergence of Artificial Intelligence (AI) in our day-to-day lives presents a promising avenue for value creation in plantation agriculture. Leveraging AI technologies holds the potential to revolutionize various aspects of our operations, from optimising resource allocation to enhancing yield prediction and sustainable farming. We anticipate that Artificial Intelligence (AI) will bring about transformative changes to our non-biological manufactured capital in plantation agriculture.

By integrating AI-driven solutions into our agricultural processes, we expect to not only increase efficiency and productivity but also minimize environmental impact and promote responsible stewardship of natural resources. Moreover, as AI empowers us to make data-driven decisions - enabling SMART precision Agri business model which facilitate the management to make timely interventions to address challenges such as climate variability and market fluctuations; the ability enhance sustainability and profitability will be immense.

Some AI applications which are currently in operation could add immense value on our plantations in the future for:

1. Crop and soil monitoring.
2. Detecting disease and pests.
3. Intelligent pesticide application.



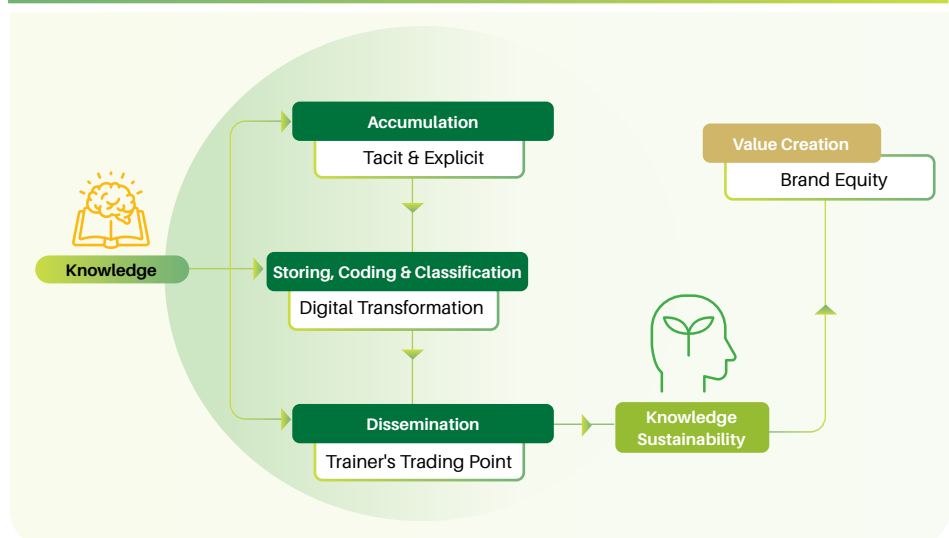
Our commitment to enriching our knowledge repositories isn't merely a strategic imperative; it's a reflection of our core values and beliefs. It's a testament to our unwavering dedication to continuous improvement, collaborative innovation, and sustainable growth. Through this journey, we strive not only to enhance our organizational capabilities but also to strengthen our Intellectual Capital and the role it plays in our value creation.

Intellectual Capital

In the year under review, KVPL placed considerable emphasis on developing a robust knowledge management strategy, underscoring our commitment to harnessing and expanding the intellectual wealth within our organization. With a specific focus on ESG (Environmental, Social and Governance) principles, this strategic endeavor is geared towards enriching our knowledge repositories. By nurturing a culture of continuous learning and innovation, we aim to unlock synergies that enhance our value creation across all dimensions of the five capitals.

Bolstering our Intellectual Capital - a summary of 2023

Driving Value Creation through Knowledge Sustainability



Intellectual Capital :Deriving and Driving value creation to sustain People Profit and Planet

In the traditional paradigm of plantations, spanning over 150 years, the focus on value creation predominantly centered around tangible assets such as natural resources and physical infrastructure. However, as operating landscapes rapidly evolve, the significance of intangible assets in fostering competitiveness and sustainability has surged across industries. Within Sri Lanka's Tea and Rubber plantation sectors, where rising production costs threaten global competitiveness, it is the intangible assets of knowledge and innovation that hold the key to the industry's sustainability.

The ability of a company to accumulate both explicit and tacit knowledge, and effectively leverage that knowledge are pivotal in addressing present challenges, anticipating future opportunities and threats, and ensuring long-term viability. Given the inherent volatility of commodity markets, the Intellectual Capital of an organization plays a crucial role in navigating uncertainties by ascending the value chain. Our strategic response has entailed continuous product and process innovation aimed at penetrating new markets, retaining existing ones, and expanding our market presence.

Furthermore, the volatile operating environment of the past few years, marked by unprecedented local and global challenges, underscores the imperative of innovativeness and adaptability. In the face of such adversities, the ability to innovate emerges as a decisive factor in steering towards sustained growth and resilience.

Recognition from academia for our dedication to advancing Agriculture education



At the Diamond Jubilee Celebrations of the Faculty of Agriculture of the University of Peradeniya (UOP), held during the year, KVPL was honored with a special accolade in recognition of its unwavering commitment and steadfast dedication to the advancement of higher education in Agriculture.

This recognition pays tribute to KVPL's longstanding efforts in fostering sustainable partnerships and collaborative initiatives with the faculty, underscoring a shared vision for excellence in agricultural education and research.



This year was marked by a concerted focus on collaborative initiatives aimed at harnessing expertise and sharing knowledge for mutual benefit, thereby fortifying our Intellectual Capital and driving advancements in the Plantations sector.

Our partners in collaborative efforts included:



- The International Union for Conservation of Nature (IUCN)
- University of Peradeniya (UOP)
- Wageningen University and Research (WUR) (of the Netherlands)
- Netherlands Enterprise Agency (RVO)
- The Tea Research Institute (TRI)
- The Rubber Research Institute (RRI)
- The Coconut Research Institute (CRI)
- Wilderness & Wildlife Conservation Trust (WWCT)
- UNICEF Sri Lanka
- The Central Environmental Authority
- Bio Diversity Sri Lanka
- Sri Lanka Climate Fund
- The Water & Ocean Stewardship Working Group of UNGC

Our Commitments to International & Local Mandates :

- The CEO Water Mandate
- UNGC 10 Principles
- The UN SDG's
- Active member of Biodiversity Sri Lanka



Intellectual Capital

We also extended some of the ESG knowledge sharing to communities; their commitment being important in our industry where our estate properties are home to a population of over 58,000. Sharing knowledge with communities and school children in addition to our employees reflects the value we place on Intellectual Capital as an essentiality in creating value for People, Profit and Planet.



Broadening our horizons for knowledge sharing through global collaboration

KVPL spearheads the World's 1st Plantations Sustainability Summit by a Corporate

Emphasizing the significance of knowledge dissemination and collaboration, KVPL spearheaded another pioneering initiative-the inaugural International Plantations Sustainability Summit by private sector; in Sri Lanka in 2023. Under the overarching theme of "Towards Sustainable Plantations - Reimagined, Redesigned, Resilient," it enabled discourse on the necessity and urgency of ESG concepts. Our invitations brought together luminaries from six continents and over 25 countries, embodying a truly global exchange of ideas resulting in over 800 registrations with both in-person and virtual engagement. This milestone event also holds the distinction of being the world's first Carbon Neutral summit. The speakers included Director and Strategy Head (Climate Resilience Practice) at World Resource Institute (WRI), India; and a senior scientist hailing from Wageningen University in the Netherlands. In addition was a panel discussion featuring multiple expert panelists.

Intellectual collaboration with global delegates

KVPL's Pedro estate hosted a group of over 100 leading scientists from Europe and South Asia who visited Sri Lanka for the South Asian Nitrogen Hub Annual Conference organized by the Faculty of Agriculture of the UOP, held at the university in October 2023. The Group was led by Professor Mark Sutton, Director South Asian Nitrogen Hub (SANH) and the UK Centre of Ecology and Hydrology (UKCEH). SANH's primary objective is to combat Nitrogen pollution and promote sustainable Nitrogen management for a cleaner South Asian region by 2030. Following the knowledge sharing conducted at the university we took an initial step towards a long-term plan by introducing Nitrogen trials to tea crops on our Mahagastota division of Pedro estate.

Nurturing young minds: Cultivating intellect through knowledge :

- Green Clubs:** To engage young minds and foster environmental awareness these Green Clubs, established with the collaborative efforts of IUCN and KVPL, serve as platforms for school children to actively participate in initiatives aimed at promoting environmental conservation and sustainability. Knowledge sharing sessions within the clubs not only raise consciousness but also empower students to become advocates for environmental and social change within their communities.



“Weather Kids” programme :

Is another pioneering initiative introduced in collaboration with UNICEF. This innovative endeavor has installed 20 Child- friendly, Do- It- Yourself (DIY) Digital Weather Stations at Pedro estate, Nuwara Eliya, marking a milestone in the plantations sector. The programme which targets the “Children’s Clubs” of KVPL estates is designed to foster digital and technological literacy among children, provide them an understanding of data management and climate dynamics while inculcating a sense of environmental stewardship. Feedback from participants has been overwhelmingly positive, with children expressing enthusiasm and eagerness to learn through this interactive platform. By harnessing the power of experiential learning, the “Weather Kids” programme not only equips children with valuable skills but also cultivates a deeper connection to their natural surroundings - a starting point for climate action.





Promoting ingenuity by our People :

KVPL's annual Management Symposium invites teams of estate executives to submit applications showcasing value-added new ideas, concepts, best practices, or successful implementation stories backed by rigorous research. This year's symposium, themed "Intellectual Intervention and Innovation in Plantations towards Sustainability," was inaugurated on January 18th, 2024. Applications were required to be submitted by May 10th whilst the Management Symposium of the best submissions is to be held in June.

Staff ingenuity uplifts financials

The 2023 Symposium marked a significant moment for our company, unveiling an innovative solution that has yielded substantial cost savings. The team set out with dual objectives: to slash fresh water consumption by 60% and curb waste water generation by 25% at the Dunedin Skim Rubber factory on our Kiriporuwa estate. Waste water treatment stood out as one of the factory's most significant expenditures, making reductions in this area crucial for driving down production costs. Through ingenuity and concerted effort, the team achieved remarkable results. By repurposing water discharged by one of the mills, we effectively cut fresh water usage by 50% and reduced waste water generation by 19%.

The impacts of this innovation of process has been significant resulting in annual savings of Rs. 15 million for the Company, with the initial project investment of Rs. 360,000 recouped within a mere five days. This success not only underscores our commitment to sustainability but also demonstrates the tangible benefits of innovation in optimizing resource management and the importance of providing platforms for people to encourage such innovations.

Another groundbreaking initiative spearheaded by a team of employees at the Kiriporuwa estate has revolutionized a conventional yet labor-intensive practice in Skim Rubber manufacturing. This innovative solution addresses the arduous task of manually carrying skim laces on employees' heads from the milling area to the factory loft.

The team's proposal to install an electric hoist has not only enhanced employee health and well-being but has also significantly bolstered company productivity. Following the installation of the hoist, the impacts have been profound:

- A remarkable 62.5% reduction in lead time for the process of transporting skim laces
- A fourfold increase in the total quantity of skim laces that can be efficiently transported to the factory
- Complete recovery of the initial investment (of Rs. 185,000) within a mere six months
- A notable 22% improvement in daily worker attendance



SL Wishling thrush

Myophonus blighi



A species of bird recorded at the Halgolla and Kitulgala estates. It is an Endangered species that is endemic to Sri Lanka.

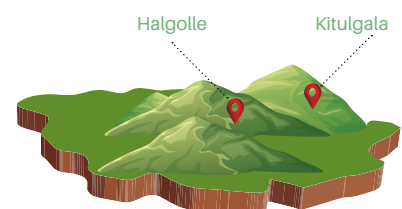
Almost 90% of Endemic birds in Sri Lanka has been recorded at the estates of KVPL PLC as discovered by research.

Dumerul's kukri snake

Oligodon sublineatus



A globally threatened rear-fanged kukri snake species endemic to Sri Lanka, recorded at the Halgolla and Kitulgala estates at KVPL.



Intellectual Capital



R&D at KVPL

At KVPL our R&D initiatives are characterized by collaborative endeavors aimed at sustaining and advancing Agriculture throughout the country. We tackle a diverse range of challenges, from mitigating the impacts of climate change to ensuring the preservation of agricultural knowledge for future generations by actively involving youngsters and children in our endeavors.

Additionally, the Company's direct marketing arm has its own research infrastructure and intellectual capacities for market research and new product development.

Our collaborative R&D model

Win-win opportunities with young researchers :

KVPL has implemented an innovative approach to research and development through strategic partnerships, fostering enhanced collaboration between academia and the industrial sector. This mutually beneficial model allows the company to leverage theoretical knowledge, while academia gains valuable insights into real-world applications within the industrial landscape. By bridging the gap between traditionally isolated entities, KVPL facilitates greater value addition to research outcomes. As part of this initiative, KVPL offers six-month research internships to young final-year university students specializing in Agriculture, integrating them into our senior research team. These undergraduates can engage in research on topics identified by the Company based on its requirements or come-up with research topics of their own that is relevant to the Company.



Creating a nexus for scientific inquiry, conservation and research

GRI 304-3

Enriching the knowledge repositories and continuous contribution to research and intellectual value addition are two of the objectives of our pioneering "Intellectual Tourism, Biodiversity Research and Sustainable Knowledge Management Centre" project on the Halgolle estate (described under Natural capital), which is to be launched this year. This will encourage targeted visitors and guided research tours and engagement. In 2009, KVPL became the first RPC to commission an assessment of the Biodiversity on the Halgolle estate, by the International Union for Conservation of Nature (IUCN) which led to the discovery of several endemic and unnamed species of fauna and flora. The expertise of the IUCN was harnessed for three more follow up Biodiversity studies which led to the concept and design of this project. With its potential to foster eco-tourism and research; the centre would serve as a nexus of scientific inquiry and environmental stewardship and would create economic value by generating foreign exchange income as a research destination for international researchers and by generating livelihood opportunities for the local communities. KVPL is currently in the process of finalising designs for four eco-friendly Chalets which would provide accommodation for the research scientists as the first step. Their construction would begin this year. Moreover, a multifunctional research center included with dormitory will also be added for both local and foreign post-graduate students.

Moreover, the model's focus on educational tourism transcends Biodiversity studies to encompass a wide array of disciplines including cultural, historical, archaeological, geological, climate action, agroforestry, and social research. This holistic approach not only nurtures intellectual curiosity but also contributes to conservation efforts while bolstering Sri Lanka's tourism sector. By empowering local talent to serve as guides and champions of their natural and cultural heritage, our aim is to cultivate sustainable livelihoods and enhance community resilience.



Research that targets Triple Bottom Line Impacts : Halgolle Agroforestry Project

The Halgolla Agroforestry Project (described under Natural capital), is a pilot project initiated by the Embassy of the Kingdom of the Netherlands in Sri Lanka and the Netherlands Enterprise Agency (RVO) for the diversification of plantations through agroforestry as an avenue to rejuvenate productivity and bolster the economic viability of these landscapes; while bestowing environmental benefits and fostering prosperity among rural communities. Thus, through research based solutions this pilot project aims to find solution for the waning global competitiveness of Tea and Coconut plantations.

RVO engages the Tea Research Institute, the Coconut Research Institute along with the Faculty of Agriculture of University of Peradeniya and Wageningen University and Research (WUR) (of the Netherlands) in this project which is being coordinated by the IUCN. Leveraging insights from these initiatives is vital for enhancing the sustainability and progress of the agricultural sector, particularly in plantations. Continuous research in agroforestry promises to unveil novel insights, spanning from intercropping techniques to various other fields of interest prevalent in the region, such as geology, archaeology, and history. This interdisciplinary approach would not only draws tourists but also foster intellectual curiosity, enriching the country's knowledge base.



Mabroc Teas marketing and product R&D

At KVPL's marketing arm-Mabroc Teas, the commitment to researching current and future trends in the global tea industry is continuous. Through ongoing analysis, we gather valuable market insights that inform our strategic approach, particularly in market mapping initiatives. Throughout the year, our research reaffirmed the growing emphasis on health consciousness as an important driver of tea consumption, with flavored ice teas emerging as particularly favored among younger demographics.

Responding to these insights, KVPL introduced a new line of fruity teas, featuring flavors such as Strawberry, Lemon & Mint, and Green Tea. In tandem with this innovative product launch, the Company crafted a dynamic tagline, "Sip in Style," designed to resonate with the preferences of the younger market segment.

At Mabroc Teas we foster an environment that cultivates and nourishes innovation, building upon our Intellectual Capital. Hence following are some of the attributes we value and sustain :

- We prioritize research and development, maintaining a dedicated team focused on exploring new ideas and crafting innovative tea products. By investing in state-of-the-art technology and equipment, we empower our team to push the boundaries of tea innovation.
- An open and collaborative culture : Our workplace thrives on openness and collaboration, encouraging employees to freely share their ideas and insights. We embrace diversity of thought, recognizing that varied perspectives lead to breakthrough solutions.
- Embracing experimentation and risk taking : We embrace experimentation and encourage risk-taking when exploring new ideas and approaches.

While we acknowledge that not every endeavor will yield success, we value the lessons learned from failure and view them as opportunities for growth and improvement.

- Celebrating innovation : We celebrate innovation by acknowledging and recognizing the contributions of employees who drive success through their innovative endeavors.



Intellectual Capital

Our R&D efforts led us to pioneer the introduction digital weighing scales in Sri Lanka's Rubber sector

Building on the successful implementation of digital weighing scales in our Tea plantations in 2022, this year marked another milestone as we became the pioneering plantation company to introduce a digital weighing system for Rubber tapping operations. With the integration of online real-time data, the performance of manual Tea harvesters and Rubber tappers are now tracked digitally using a weighing scale mechanism. This transition from manual weighing and data entry marks a substantial victory for all involved parties.

Accreditations

The array of accreditations achieved by KVPL serves as a testament to our unwavering dedication to quality and excellence in both our products and processes. These accreditations not only reflect the depth of our knowledge base but also underscore the robustness of our systems and procedures. They have emerged as a cornerstone of our Intellectual Capital, playing a pivotal role in accessing new markets and sustaining competitiveness. They have also been a key aspect of brand equity we have earned.

When KVPL ventured into Rubber exports, we adopted a strategic approach, opting to export semi-finished products directly to end-product manufacturers rather than through conventional intermediaries. Our accreditations, highly esteemed by discerning customers, have significantly contributed to the success of our direct exports.

The attainment of FSC accreditation in 1996, by KVPL's internationally recognized processing centres - Dewalakande and Panawatte which specialize in the manufacture of Sole Crepe and Latex Crepe has opened new avenues for direct exports, further solidifying our position as a leader in the global Rubber industry. With a commitment to excellence and sustainability, KVPL continues to set benchmarks in Sole Crepe manufacturing, delivering quality products to discerning customers worldwide.

KVPL's FSC 100% certified Latex Crepe stands out for its exceptional quality and purity, making it a preferred choice for a wide range of applications. From high-end medical equipment to baby teats and shoes, our Latex Crepe finds its way into products that come into direct contact with the human body. Renowned in the shoe and adhesive industries, Latex Crepe of Sri Lankan origin is arguably one of the purest natural Rubber products available for human use.



Our Certifications and Commitments



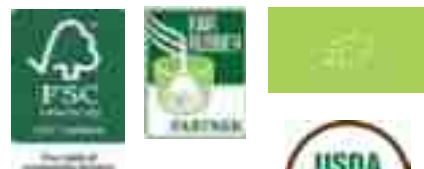
Company



ra.org



Tea



Organic Rubber (USDA/ NOP, EU Organic)



Rubber



Brand Equity

KVPL brand, of more than 30 years has earned global recognition as a supplier of premium Tea and Rubber. Quality, reliability, speed, innovation, excellence in customer service and social and environmental responsibility are the key attributes of the KVPL brand which offer the Group a competitive advantage in the industry and the global market place.

Moreover, the Tea varieties from our plantation companies are well-known for their distinct flavors, which are maintained through consistency in quality and strict adherence to food safety standards and environmental, social, and ethical compliances. Consistently ranked within the top ten for national sales averages, our brand is celebrated for the exceptional quality of its Tea. Moreover, our robust sales volumes reflect the widespread acclaim for our Tea products.

Since becoming a subsidiary of Hayleys Group in 1996, KVPL has further solidified its brand equity. As a member of one of Sri Lanka's oldest, largest, and most respected conglomerates, KVPL benefits from a legacy of excellence and trust. Hayleys Plantations is the world's most awarded and certified sustainable plantation on Human Capital management, ecological friendliness, community, people empowerment and ethical business standards.

In addition to the KVPL brand, a number of our product brands enjoy considerable brand equity and have been the key to venturing into new export markets. These include the "Single Origin Teas" and the brands marketed by our export marketing arm- Mabroc which has established a brand presence in over 50 countries. Below are some of KVPL's Tea brands which have gained substantial traction in global markets and are much sought after in many nations. The strengths of our brand marketing also include the following:

- Vertical integration – Hayleys Plantations provide an outstanding marketing advantage
- Distinctiveness in the market with a brand identity that resonates quality products and services



Expanding horizons in the value added Rubber market

In December of last year (2023), our venture into the Vietnam expo held in Ho-Chi Minh City proved to be a success. At the event, we showcased our premium natural Rubber offerings, including Sole Crepe, Latex Crepe No. 1 and Centrifuged Latex. The interest surpassed expectations, and as at today, the Company has dispatched two sample shipments for which the responses have been encouraging. The certifications held by KVPL, specially FSC and Global Organic Latex Standard (GOLS), garnered particular attention and appreciation from the visitors to the stall.

Our ability to seamlessly transition trial orders into enduring partnerships underscores the unwavering confidence our clients place in our products. Furthermore, our participation has ignited ongoing dialogues with potential collaborators hailing from Malaysia and China, signaling an expanding interest in our offerings that extends beyond the borders of the Vietnamese market.





Human Capital

Since the industry's inception over 150 years ago, the tea plantations have upheld a traditional management model characterized by a firmly entrenched hierarchical structure. KVPL was one of the pioneers in the industry to begin a transition and has in fact been a change agent for plantation management; from its conventional management to a people-centric, community based and innovative framework based on modern and global management practices. KVPL has thus spearheaded a paradigm shift in HR management in the plantations sector to develop an empowered workforce. Central to our success has been the strategic management of knowledge across all facets of our operations. By harnessing existing knowledge, continuously enriching that knowledge and seamlessly integrating it with scientific advancements and industry-specific tacit knowledge, we've enhanced value creation, fostered innovation, and nurtured a culture of creativity.

This approach to knowledge management has not only mediated the relationship between sustainable HRM practices and worker productivity but has also served as a driving force behind our competitive advantage across all aspects of our business. Through our unwavering commitment to knowledge enrichment, we continue to chart a course towards sustainable growth and success.

The accolades along the way continue to spur us on, affirming that our actions and approach continues to enhance value creation. The accolades during the year included the following:

Great Place to Work for the 3rd Consecutive Year





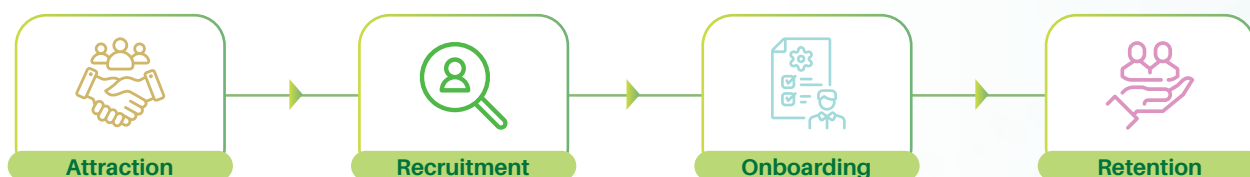
We are most inspired by the resounding endorsement from our employees, of naming KVPL as 'A Great Place to Work' for the third consecutive year, this benchmark results and becoming the first RPC to earn this certification in back-to-back years.

This certification holds particular significance as it sampled opinions from all employee segments, with 93% of responses coming from associates and operational staff from our estates. Remarkably, 99% of employees expressed feeling welcomed upon joining the Company. With women comprising 52% of our workforce, we are humbly proud that KVPL is recognized as one of the best workplaces for women.

Moreover, these positive sentiments were conveyed in surveys conducted amidst some of the most challenging periods over the past three years; making this recognition even more uplifting.



GRI 3-3

**STRATEGIC HRM PRIORITY****OPERATIONALISATION FACTORS**

Talent absorption & Retention

- Online recruitment and Onboarding
- Multi-source CV bank
- Innovative Plantation Management Training Program

Engagement on Sustainable Knowledge Management Culture

- KV's ESG Series, Haritha Piyasa e-learning series
- "Surakimu Ganga" Programme within We Oya catchment of the Kelani River Basin

Filling the competencies and skills gaps

- IT Training program (Estate IT centers)
- Career guidance and English communication programmes for school children and unemployed youth
- NVQ level 4 program for office staff with NAITA

HR digitalisation and adoption of global HR mega trends

- Global Human Resources User Guide
- Hayleys Group Oracle HCM Cloud
- Weather Kids

Managing GEN Y and GEN Z

- "Expert Talks" sessions
- Understand their needs and focus on the individual (Mindful living series - power of mindfulness at work)
- Youth Skills Development Program
- Digital tools and technology skills training
- Encourage Innovation and work-life balance
- Plantation Management Training (PMT) programme - Batch No 6.

Big data management in strategic plantations HR management

- Digitalization of the weighing process was in operation across all estates and linked to the performance appraisal system of Tea as well as Rubber.
- Cyber security awareness
- Oracle HCM cloud training program

Expansion of Child Protection policy

- "Awareness on health, nutrition, breastfeeding, family spacing and well-being for the teenage, eligible couples and pregnant mothers with the support of midwives, MOH and other service providers and nutritional supplements & demonstration for children who are malnourished and underweight children"
- Improve the health and hygienic practices at home and workplace
- ADIC Alcohol Prevention programme
- Enable an online monitoring tool in collaboration with "The Center for Child Protection"
- HIV/STD Awareness programme

Employee alignment for ESG Sustainability framework & SDG goals

- Goals and KPIs for SDG reporting

Succession planning, leadership & management development

- Leading through change and uncertainty - OBT training programme series
- Advancing the capacity for future of digital work environment
- Management development programme

Transforming digital plantations management to AI plantations management model

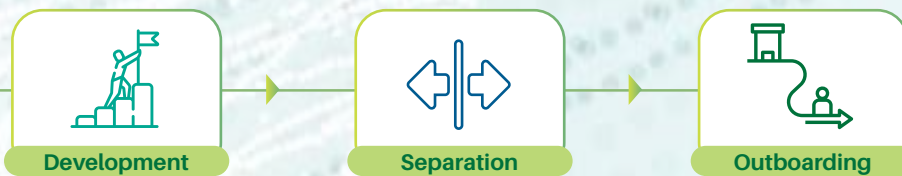
- Drones and crop monitoring
- Cloud based Agribusiness platform

Effective change management strategies to transform traditional plantation management mindset to modern Agribusiness mindset.

- Development of an Agricultural transformation plan
- Market-driven opportunities for employees (RSM and Outgrow Models)
- Other income generating projects
- SMART precision Agribusiness models
- High-density Agriculture concepts

Productivity improvements

- Digital weighing systems for both Tea & Rubber
- Factory modernisation
- Effective resource management
- Introduced 3R concepts (Reused, Reduce and Recycle)

**SUSTAINABLE/ESG KPIs**

- Non-discrimination and equal opportunity

- Training and development/ Employment practices

- Training and development/ Employment Practices

- Better reporting and transparency indicator/ Engaged Teams

- Equity & human rights/training and development

- Better reporting and transparency indicator

- Equity & human rights/Community health indicator/Child labour

- Corporate Social Responsibility

- Training and development

- Better reporting and transparency indicator

- Corporate Social Responsibility/ Climate Smart Agriculture/ Product Sustainability

- Product Sustainability

MEASURABLE INDICATOR/S

- Employee retention rate/ Turnover rate

- Training hrs/Total Workforce

- Training hrs/Total Workforce

- Number of inaccuracy reporting/ Total time of reporting

- Percentage representation in all human capitals segments

- Number of inaccuracy reporting

- No of reporting cases/ per annum

- Total investments for CSRs/ Total Revenue

- Training Hrs/Total Workforce

- Number of inaccuracy reporting/ Total reporting time

- percentage reduction in emissions
- Total investment in community capacity building
- Mean average income per family

- Output per harvester
- Output per factory worker
- percentage reduction in material used
- Profitability per unit land area



Human Capital

GRI 2-7, 2-8

HR STATISTICS

Group's Total Headcount



7,783

Total No. of Employees

5,840

Permanent Employees

1,943

Contract/Short-term employees

164

Executive & above

642

Non-Executive

6,977

Manual Grades

Total Head Count - KVPL



7,621

Total No. of Employees

5,691

Permanent Employees

1,930

Contract/Short-term employees

98

Executive & above

546

Non-Executive

6,977

Manual Grades

- As at 31st March 2024, KVPL had 7621 full time employees, of which approximately 92% were part of our estate workforce
- KVPL does not have any part-time employees
- Our estate workforce remains largely female dominated, as is the case in the plantation sector in Sri Lanka and across much of the rest of the world
- There are no workers who are not employees & whose work is controlled by KVPL

10 REDUCED INEQUALITIES

How we manage generational diversification

9%

Baby Boomers

2022/23-13%

7%

Generation Z

2022/23-3%

48%

Generation X

2022/23-49%

36%

Generation Y (Millennials)

2022/23-36%



GRI 2-7, 3-3

Total number of employees by employment category, contract, by gender, region & age

	Male - 48 %		Female - 52 %		Total
Executives	83	85%	15	15%	98
Non-Executive	398	73%	148	27%	546
Manual	3,159	45%	3,818	55%	6,977
Total	3,640	100%	3,981	100%	7,621

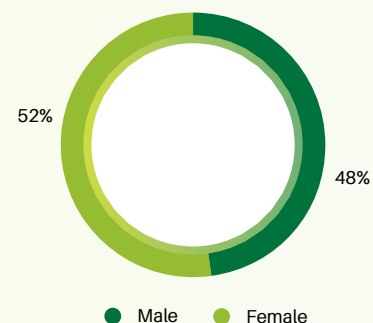
	Male	Female	Total
Permanent	2,687	3,004	5,691
Contract	953	977	1,930
Total	3,640	3,981	7,621

	Western	Central	Sabaragamuwa	Total
Management	18	30	24	72
Executive	15	8	3	26
Non-Executive	5	296	245	546
Manual	-	4,128	2,849	6,977
Total	38	4,462	3,121	7,621

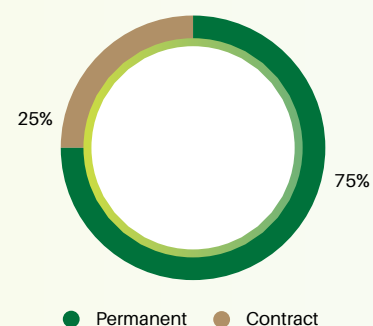
Region & Gender Wise	Western Province - 0.5%			Central Province - 58.5%			Sabaragamuwa Province - 41%			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Permanent	23	13	36	1,673	2,222	3,895	991	769	1,760	5,691
Contract	2	-	2	193	374	567	758	603	1,361	1,930
Total	25	13	38	1,866	2,596	4,462	1,749	1,372	3,121	7,621

Age & Gender Wise	<30 years		30-50 years		51-60 years		>60 years		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Permanent	331	405	1,874	1,749	528	642	74	88	5,691
Contract	41	61	288	351	318	402	186	283	1,930
Total	372	466	2,162	2,100	846	1,044	260	371	7,621

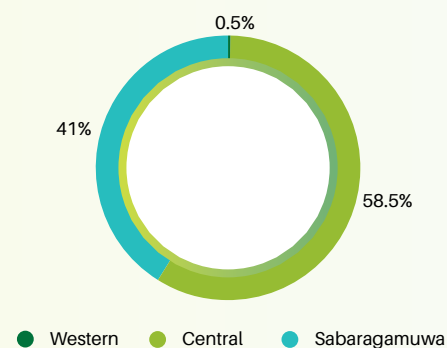
Gender wise workforce



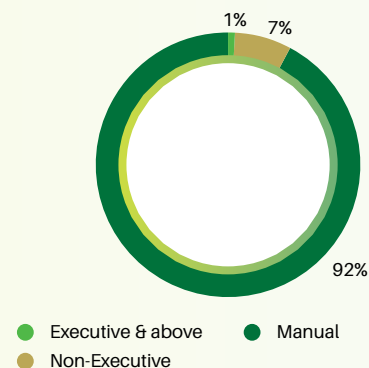
Permanent & Contract employees



Region Wise Headcount



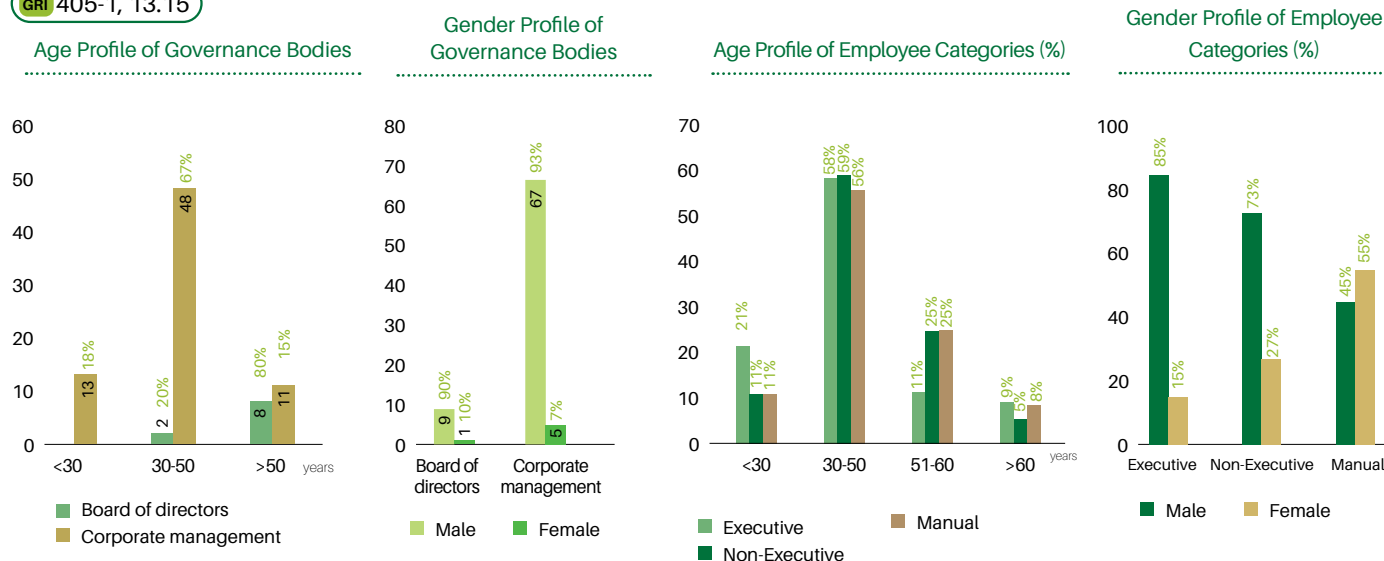
Designation Wise Headcount



Human Capital

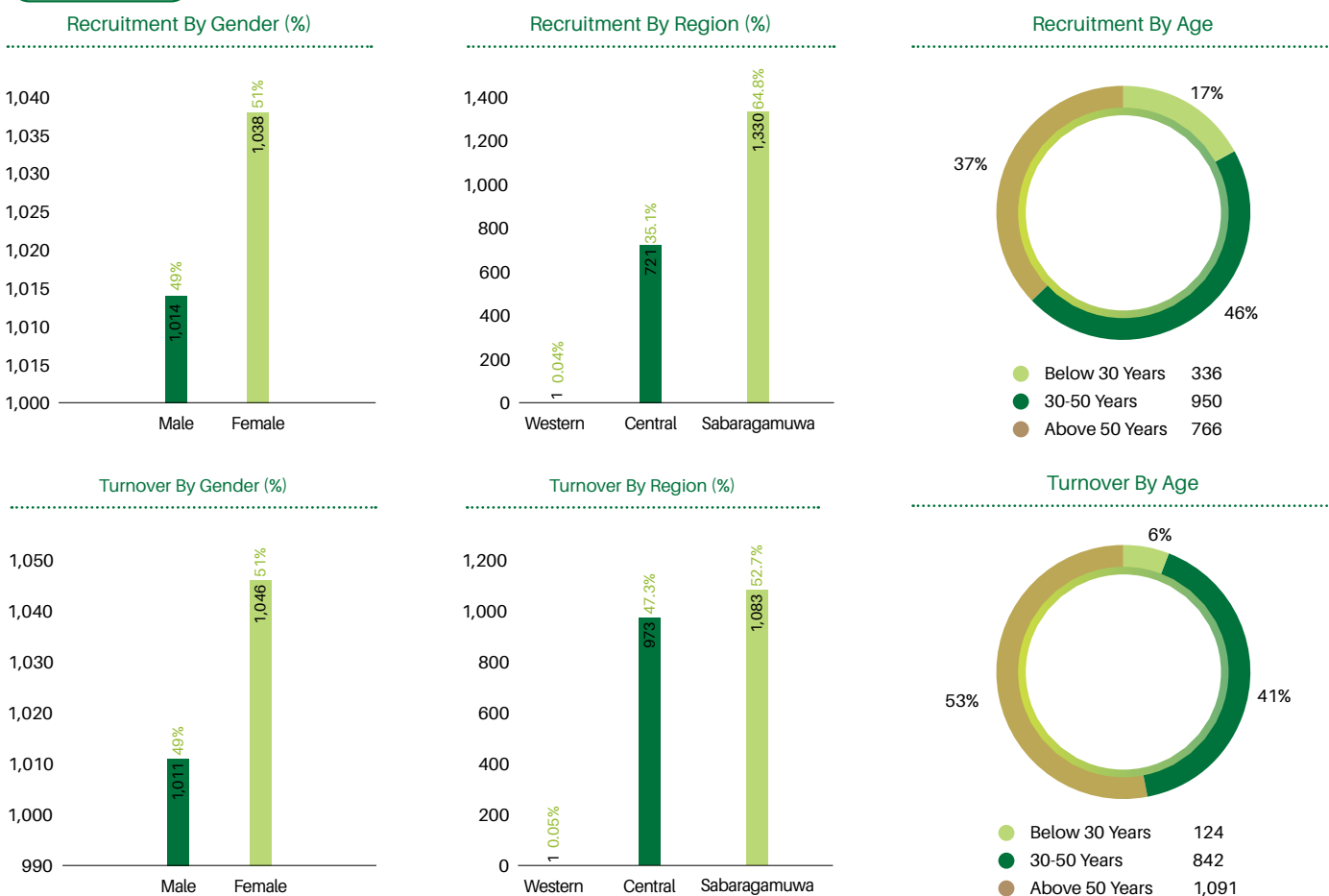
Governance Bodies & Employees on Gender

GRI 405-1, 13.15



Total Number of New Employee Hires & Turnover During the Reporting Period

GRI 202-2, 401-1



- At KVPL, we take pride in hiring all our senior managers from the local community, ensuring a deep-rooted connection and commitment to the area we serve.

Labour Relations Management



GRI 3-3, 13.18, 402-1, 407-1

KVPL's approach to managing employee relations and fostering win-win relationships is also shaped by its dedication to the principles of United Nations Global Compact to which we were the pioneers in pledging our commitment.

All our operations facilitate the right to freedom of association and collective bargaining for all employees and there is no aspect of operations at risk.

90% of our employees (excluding executives) are covered by worker collective agreements and staff collective agreements.

Minimum notice periods regarding operational changes including those specific by CA's	1 month
Is notice period & provision for conclusion specified in the agreement	Yes

Considering the unique responsibility that we as a plantation company have, not just for our 7,600+ employees but their families; our strategies to enhance the value of our Human Capital is also interwoven with upliftment of communities. Community capacity building, infrastructure enhancement, and youth empowerment at our locations; in addition to creating goodwill also help in employee retention and productivity improvements by enabling higher quality of life. Our flagship initiative launched in 2006 "A Home for Every Plantation Worker" exemplifies our commitment and approach to holistic development of plantation worker communities.

KVPL's total custodial care includes a host of other benefits such as taking care of maternal and child health & nutrition; creches, safety & wellbeing including medical facilities such as dispensaries and company paid medical staff; recreation facilities, sanitation facilities and clean water.



Furthermore, the ESG Sustainability Framework branded as "KVPL's Corporate DNA" has established systems and processes to align our HR initiatives with the Group's ESG goals as well as the UN SDG goals, and is enabling a more concerted efforts towards the sustainability of our Human Capital.

GRI 13.16

None of our operations or suppliers have been involved in any incidents of forced or compulsory labor. We rigorously adhere to our commitment to recruit individuals who voluntarily seek employment and enter into contracts only after receiving full disclosure of employment terms and conditions. Our recruitment processes are conducted with strict adherence to transparency and compliance with the labor laws of the respective countries. Furthermore, our practices are consistently aligned with the best standards of the company.

Implementation of Key Value Drivers



GRI 3-3

The challenging socio-economic environs of the past few years have required some novel responses to support our people. The sharp escalation in cost of living over the last year prompted us to help our workforce earn higher incomes whilst balancing the need for our enterprise to remain sustainable and profitable in the medium to long term. Thus, encouragement of small scale businesses to supplement family incomes and the promotion of the revenue sharing model as a win-win for both company and people are some of the ongoing initiatives.

At estate level, KVPL has identified six key value drivers as important for win-win impacts and for sustainable growth in productivity. The Company implement these goals through its ESG framework via awareness creation and employee education and by providing the supporting infrastructure facilities. The six key value drivers are as follows whilst initiatives under them are described in the Social Capital section of this report:

Human Capital

Key Value Drivers



Zero anemia, maternal malnutrition & underweight children for a healthy life



100% attendance at work for increased earnings



Create better future for families and children for a prosperous life



Clean, tidy homes & work places



Training & Development & Talent Enhancement to maximise the human potential for increasing the earning capacity for employees



Nutrition food & a healthy lifestyle for a better quality of life

Communication & Engagement



KVPL has an open work place culture, and regular employee interaction includes both formal and informal means. Formal methods include scheduled meetings across all tiers of employees, on an as-need basis, and Emails for two-way communication. Additionally there are notice boards and a newsletter for one way communication to ensure employees stay informed.

In addition to these regular official methods of communication, we actively encourage informal gatherings and events that build camaraderie and employee motivation and contribute to the cohesiveness of our team. These include annual sporting events, cultural celebrations and religious events across the different localities; and staff trips, socials and celebrations of International Women's Day, Children's Day and Earth Day, amongst others.



Process of commitment and engagement with employees

Executives

Estate Workers

Policy of an open door

Formal

Monthly management discussions with participants from estate employees

Employees can meet estate managers on "Employer Employee Relationship Day"

The office has a visible display of the managements contact information

Informal

On-the-job conversations with field employees

Digital communication groups at the divisional level are with HR representatives

Unofficial gatherings for solutions to disputes



Performance Management

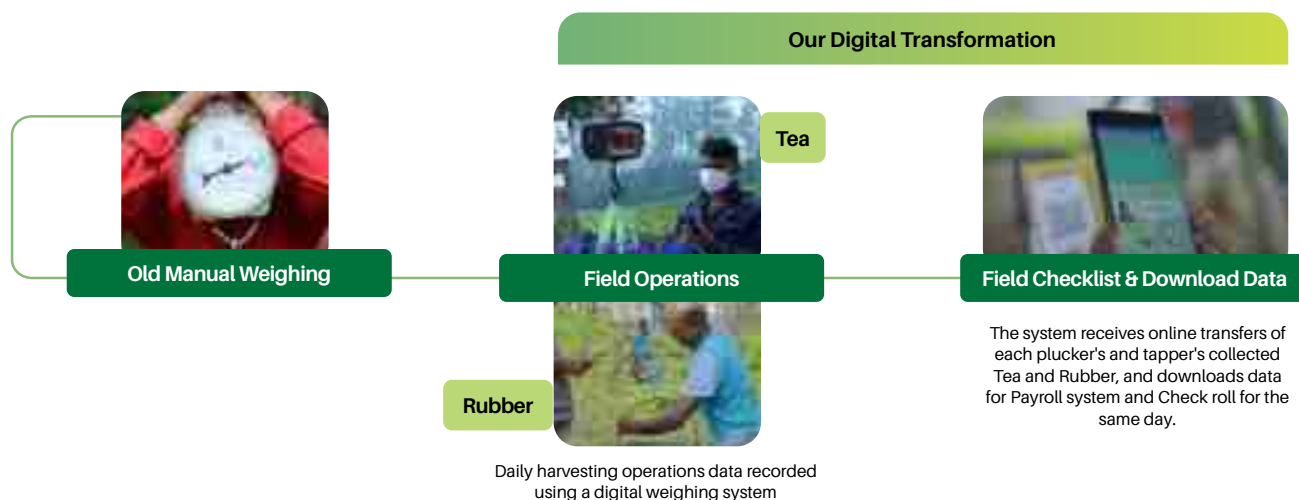
KVPL boasts an advanced technology-driven Performance Management system catering to all employees, including executives, non-executives, and manual workers. This system furnishes necessary data for determining performance-based compensation, promotions, and additional benefits for each individual. KVPL stands out as the pioneer among plantation companies for adopting the globally acclaimed ORACLE Fusion HCM Goals and Performance Management modules. This system not only translates organizational goals into team and individual objectives but also ensures alignment with business strategy at every level. Organizational objectives are thus translated into Key Performance Indicators (KPIs) for all employees.

KPIs are rooted in a balanced scorecard framework, encompassing learning, Internal Business Systems and Processes, Financial, and Customer Focus perspectives. The Company offers all employees a chance to engage in a biannual two-way appraisal process. At the outset of each year, performance targets and metrics are agreed upon between supervisor and employee established and tracked, with contributions and accomplishments duly acknowledged and rewarded. For executives and above, the final performance assessment via Oracle is scrutinized by the Managing Director, along with the Director/CEO, Operational Directors, Heads of Departments, and the Head of Human Resource



Empowering the Field worker through Digitized Performance Monitoring:

Building on the successful implementation of digital weighing scales in our Tea plantations in 2022, this year marked another milestone as we became the pioneering plantation company to introduce a digital weighing system for Rubber tapping operations. With the integration of online real-time data, the performance of manual Tea harvesters and Rubber tappers are now tracked digitally using a weighing scale mechanism. This transition from manual weighing and data entry marks a substantial victory for all involved parties. For the company, it fosters more precise decision-making through data accuracy and instant access to real-time information. Meanwhile, employees benefit from increased transparency and clarity regarding their KPIs. They can promptly access their updated harvest records for any given period, enabling them to estimate or verify their incomes and receive recognition for exceptional performance.



Human Capital



GRI 404-3

All of our employees, without exception, undergo regular performance and career development reviews, ensuring a 100% participation rate. Additionally, KVPL implements a unique concept known as “You are Identified,” which meticulously tracks and acknowledges the performance of every operational-level employee through online operational data. This initiative stems from our cutting-edge information system. As a result, harvesters can now vie for the title of “Best Harvester of the Month” at each KVPL estate, with the added honor of receiving a certificate personally signed by the Managing Director.



Annual Appreciation Lunch for Workers & Families

GRI 3-3, 13.15, 205-1, 2 & 3

Our HR policies which help create “A Great Place to Work”

Embodying our commitment to equity, meritocracy, and the well-being of our employees, we remain resolute in upholding these principles, drawing from the best practices of our parent company, Hayleys Group. Despite our efforts, it's important to note that during the reporting period:

- All operations were assessed for risks related to corruption.
- All members of governance bodies and employees received training on our organization's anti-corruption policies and procedures.
- There were no incidents of corruption reported during this period.

Furthermore, we recognize the significance of enriching our understanding of ESG (Environmental, Social, and Governance) principles, which strengthens the implementation of these policies across our workforce. As part of our continuous improvement efforts, we revised the Anti-Corruption Policy of the Group during the reporting period. We also place significant emphasis on regularly assessing our operations for corruption risks and ensuring thorough communication and training on our anti-corruption measures.

- Recruitment Policy Manual
- Leave Policy (for executives)
- Performance Management Policy
- Learning & Development Policy
- Talent Management Policy
- Grievance Handling Policy
- Human Rights Policy
- Disciplinary Policy
- Anti-Sexual Harassment Policy
- Whistleblower Policy
- The Hayleys Way – Code of Business Principles
- Industrial Relations Policy
- Employee Performance Management Policy
- Internal Mobility Policy
- Job Description & Job Evaluation Policy
- Child Policy
- Social Policy – KVPL
- Gender Policy – KVPL





Succession Planning : meritocratic & transparent to build for the future

At KVPL, the majority of vacancies are now filled through internal promotions, with only a few positions being filled through external recruitment to address specific talent gaps. Our transparent and well-communicated career paths, coupled with a strong emphasis on talent development and meritocracy, have empowered numerous staff-level employees to ascend to executive roles. Furthermore, once an employee reaches the executive level, there are no external barriers hindering their progression up to the highest level of CEO.

By cultivating an environment where meritocracy thrives, we empower talented youth to contribute their innovative perspectives and forward-looking strategies to the future landscape of corporate and estate management. Recognizing that knowledge is the cornerstone of progress, we champion a culture that values continuous learning and adaptation, ensuring that our leadership remains agile and responsive to evolving challenges and opportunities. Through this synergistic blend of performance-based incentives and a knowledge-centric approach, we pave the way for a dynamic and resilient future leadership.



Training & Development 2023/24



Highest ever training
head count
41,594



Highest ever training
person hours
79,255

Expanding and enriching our ESG knowledge repository was a priority, given its critical importance to transforming our enterprise where ESG sustainability values and practices are embraced not only by the leadership but by the entire workforce on the field worker to factory floor. Towards this end, we emphasized collaborative partnerships for mutually beneficial knowledge exchange this year.

GRI 3-3

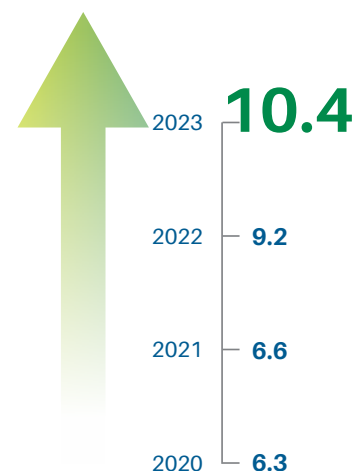
Year	Training Head Count	P/Hours	% P/Hours Over Previous Year
2018	8,866	62,690	-10.43
2019	8,216	51,849	-17.29
2020	10,841	54,880	5.85
2021	26,800	56,902	3.68
2022	40,683	70,152	23.29
2023	41,594	79,255	12.98

Category	Head Count			P/Hours			P/H Per Person		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Executive	1,099	43	1,142	9,021	121	9,142	108.7	8.1	93.3
Non-Executive	1,999	5,021	7,020	3,656	8,970	12,626	9.2	60.6	23.1
Manual	9,556	23,876	33,432	16,480	41,007	57,487	5.2	10.7	8.2
All	12,654	28,940	41,594	29,157	50,098	79,255	8.0	12.6	10.4

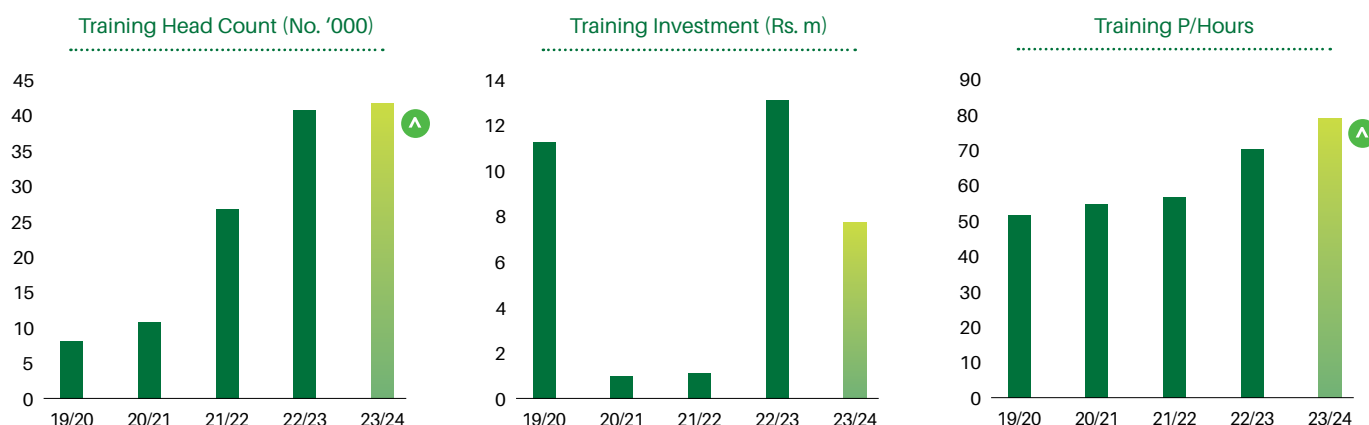
Training Investment Comparison	
Year	Investment
2019/20	10,354,617.30
2020/21	864,429.30
2021/22	1,020,459.00
2022/23	12,041,746.73
2023/24	7,092,551.67

Average Training Hours		
Gender	Male	Female
	8.01	12.58
Designation Wise	Managerial	42.74
	Executive	233.23
	All Other	9.32

Highest Ever Training Person Hours per Person



Human Capital



In line with KVPL's HR strategic plan for 2023-2025, our Training & Development endeavors for 2023-24 continued to give priority to fostering a Knowledge-Driven Culture. Throughout the year, our primary focus was on imparting knowledge essential for upholding and strengthening the sustainability of our ESG framework.

We prioritized knowledge sharing across all levels of employees to ensure widespread understanding and implementation. Accordingly, topics ranged from Climate Change and need for Climate Action particularly for our estate workforce amongst whom is a knowledge gap on ESG and who could be empowered with greater knowledge in order to be motivated to action company values and strategies.

GRI 404-2



Some of our achievements in 2023 towards transformational knowledge for ESG

- Gave leadership to organising the inaugural International Sustainable Plantations Summit in Sri Lanka, drawing the participation of over 700 attendees from 26 nations. This landmark event holds the prestigious title of being the world's first Carbon Neutral summit.
- The Company enabled 10 executives to embark on a study tour to Malaysia, honing in on themes of Business & Innovation and Corporate Management.
- We became the first Plantation Company to establish a Memorandum of Understanding (MOU) with the University of Peradeniya. This partnership aims to enhance our knowledge in professional development and strategic corporate management, particularly in areas such as HR, Finance, and Marketing. Additionally, promote collaboration between academia and professionals to target UN SDG's by 2030. It also incorporates practical immersion opportunities for their academic staff within our plantations while we benefit from their invaluable theoretical insights and expertise.
- Enabled eight external research students to conduct their studies, resulting in a mutually beneficial outcome. They gain valuable subject material for their research, while the Company benefits from the outcomes of their research endeavors.
- Collaborative efforts with external institutions such as the Agriculture Faculty of the University of Peradeniya Sri Lanka Tea Board, Ministry of Environment, Central Environment Authority, Tea Research Institute, Rubber Research Institute, Tea Brokers Association
- KV's internally developed ESG series
- Plantation Management training program - Batch -06



People power at KVPL

- Became the first in the plantations sector to organize a “Technical Skills Development Training & Exposure Tour” for the HR Development staff of KVPL at the Faculty of Management of the University of Peradeniya. The first batch successfully completed the course and received a certificate signed by the Dean of the Faculty and the Head of the Department of HRM at KVPL.



- The first ever single batch of estate administration and supportive staff from KVPL was qualified for NVQ Level 4 by National Apprenticeship and Industrial Training Authority.



A Motivational learning series was conducted by Lt Colonel Nandana Senevirathne



Digital learning series



Expert Talks

Rathmihiriya

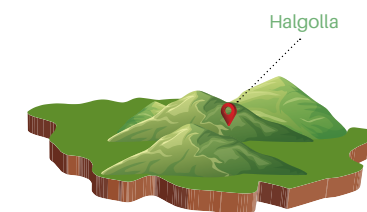
Polyspora gardneri



SCAN ME!



Rathmihiriya is an endemic species and is restricted to montane zone of Central Sri Lanka. Was found at the Halgolla estate.



Haritha Piyasa

Human Capital



GRI 3-3, 13.16, 13.17, 408-1, 409-1

KVPL strictly adheres to its own policy and Sri Lanka's labour laws -of not recruiting anyone under the age of 18 years. KVPL in fact has set for itself objectives which extend beyond adherence to what is termed legal. KVPL became the first plantation company to adopt a "Child Policy" and the first plantation company to become signatory to the UNGC 10 principles in 2008 which encompass Human Rights, Anti Corruption, Child Labour and the Environment.

Moreover, despite the challenge of a dearth of manual labor on our estates, we are steadfast in our commitment to supporting the higher education of the young adults within our estate communities. Rather than encouraging them to join manual labor, we believe in empowering them through education, providing them with the tools and opportunities to pursue their academic aspirations and achieve their fullest potential.

Being steadfast in our commitment to the UNGC 10 Principles: Principle 4 reflects our assurance of the "elimination of all forms of forced and compulsory labour" whilst principles 1 and 2 demonstrate commitment to "Internationally proclaimed HR".

We continued to expand our strategy and process of monitoring child protection across our locations. Through the implementation of the Child Policy and its 15 core principles, KVPL is dedicated to safeguarding all children residing within its estates from any harm, violence, abuse, or exploitation.

- During the year under review, there have been no incidents of child labor or forced/compulsory labor.
- Ensuring at least one child caregiver is present in the creche
- Not permitting the use of physical punishment by creche staff
- Ensuring that disciplinary procedures are aligned with international norms
- No child below the age of 16 years engages in labour
- Procedures to ensure the protection of children during emergency and natural disasters
- Making school compulsory for children up to the age of 16 years.

Zero Child Labour



Employee Benefits



GRI 401-2 & 3, 405-2, 13.20 & 21, 202-1

All employees, regardless of their grade, are entitled to legally mandated benefits. However, certain benefits are specifically provided to permanent female employees and are not extended to temporary or part-time employees. These include: maternity leave as stipulated by the labour laws and flexible working hours for nursing. According to labor laws, workers are typically not entitled to paternal leave.

While these benefits are tailored to support the specific needs of permanent female employees, we strive to ensure equitable treatment for all employees within the bounds of legal requirements and organizational policies.

Our benefit structures are designed to offer competitive remuneration and benefits to company employees. As an equal opportunity employer, KVPL's entry level salary structures reflect a 1:1 ratio between men and women. Wages offered to our estate workforce is in line with the minimum guaranteed wage of Rs. 1,000/- per worker per day stipulated by the Wages Board Ordinance. The workforce also receives various other variable allowances to supplement their daily income. These additional allowances are offered at the discretion of the management, based on the type and complexity of work undertaken. Our estate staff spanning five employee categories are unionised. These unions retain authority over a range of employee affairs, encompassing incentives, standard yearly increments, and the like while, the salaries and benefits for executives is based on performance.

Maternity Leave	Number
Maternity leave availed	3,981
Returned to work after maternity leave	86
Resignations after maternity leave	0
Retained within the organization after 12 months taking maternity leave	69

As per labour laws, male workers are not entitled to paternal leave. All our female employees are entitled to maternity leave, which amounts to a total of 3,981 this year 2023/24.

GRI 201-3

Statutory Payments & Staff costs	2023/24 Rs'000	2022/23 Rs'000
Defined contribution plan costs (EPF/CPPS/ESPS & ETF)	399,455	387,895
Defined benefit plan cost (Retirement benefit obligations)	259,891	204,940
Salaries & Wages and other staff costs	3,218,808	2,847,826
Staff training & development cost	4,822	2,789

Beyond remuneration: Supporting employees through challenges and towards their families' progress:

In addition to providing remuneration and fulfilling legally mandated benefits, we extend support to employees during times of hardship and strive to contribute to the advancement of their families.



During the year the Company celebrated the outstanding academic achievements of an employee's son who obtained Distinctions in all three subjects at the Advanced Level examination, securing admission to the Medical Faculty of the University of Colombo. In recognition of this accomplishment, KVPL committed to sponsoring his education expenses for the next five years. The employee has dedicated over 40 years of service to our Halgolla estate.

We also provided spectacles free of charge to 442 employees ensuring their well being and enhancing their productivity. Additionally, we facilitated Health and Life insurance coverage for 14% of our harvesters, offering them peace of mind and security in their roles.

**Benefits for Permanent and Full Time Employees**

Benefits	Estate				Corporate Office		
	Manager	Executive	Staff	Manual	Manager	Executive	Staff
Tea allowance	●	●	●	●	●	●	●
Electricity	●	●	●				
Accommodation/Quarters	●	●	●	●			
Free drugs	●	●	●	●			
Death donations				●			
Maternity benefits & child care facilities	●	●	●	●	●	●	●
Overtime			●	●			●
Scholarships for children			●	●			
Mid-day-meal nutrition programme				●			
Milk and wheat flour for children				●			
Employee medical insurance - OPD, spectacles and hospitalisation	●	●	●	●	●	●	●
Immediate family medical insurance OPD, spectacles and hospitalisation	●	●	●	●	●	●	●
Medical facilities and free medical clinics	●	●	●	●			

Human Capital

Revenue Share Model (RSM)

In 2021, KVPL revolutionize the income structure of estate workers by introducing a Revenue Share Model. Departing from the conventional wage system tied to attendance, this innovative approach aims to empower workers as entrepreneurs, granting them the autonomy to generate income on their own terms. At the core of this paradigm shift lies the allocation of designated land areas on each estate, entrusted to “Block Managers”, enabling them to cultivate Tea. Involving their families in the Tea harvesting process not only fosters a sense of community but also amplifies productivity levels. Crucially, KVPL ensures the success of this venture through a guaranteed buyback agreement, solidifying Block Managers’ position as integral contributors to the company’s green leaf supply chain. Through this transformative model, KVPL not only uplifts the livelihoods of estate workers but also forges a sustainable pathway towards shared prosperity.



Grievance Handling



GRI 2-25

The Grievance Handling policy at KVPL delineates the steps individuals can take if they seek redress for any unjust or detrimental actions perpetrated by a KVPL employee or the Company itself.



Additionally, on our estates, grievance handling is facilitated through a weekly gathering where employers and employees convene every Wednesday. This designated day fosters open dialogue between workers and management, allowing for the discussion of any issues or concerns. Managers or Assistant Managers are empowered to provide solutions on-site, and unresolved matters are promptly escalated to the head office for swift action.

Employees are well-informed about the channels available for lodging complaints, including direct communication with their immediate supervisor, utilizing suggestion boxes, or reaching out to top management verbally or in writing. A dedicated committee, chosen based on criteria such as industry knowledge, impartiality, accessibility, and gender sensitivity, is tasked with reviewing grievances. Their contact information is prominently displayed such as at Muster sheds, for easy access by manual workers, while executive employees are informed through internal communication channels.

Furthermore, aside from the Head of HR, both estate executives and non-executives have direct access to HR leadership to address work-related or personal grievances. This proactive approach aims to enhance productivity and the overall quality of work life for every individual within the Company and reflects the importance we place on addressing any grievance an employee may have. Our commitment to impartiality and fairness is evident through our dedication to

- Taking all complaints of discrimination seriously
- Conducting thorough investigations into grievances
- Providing prompt and proactive responses to affected individuals
- Maintaining confidentiality in recording and filing grievances
- Ensuring fair treatment



GRI 406-1, 13.15

There were no incidents of discrimination reported during the year.



Gender equity

Females constitute the majority of KVPL's operational and executive staff. During the year, we appointed KVPL's first female Director to the Board of KVPL. We also continued our efforts to recruit more females as field supervisors, increasing their number to 24 as at 31, March 2024. We are inspired by the promising outlook for a significant increase in the representation of female professionals, as current employment market trends indicate a notable shift, with over two-thirds of Agriculture Diploma Holders being women. Additionally, CV's of females comprised more than 66% of the applications we received via Sri Lanka's leading recruitment portals like "TopJobs.lk". These statistics fuel our optimism for a more diverse and inclusive workforce in the near future.



Despite our progress in promoting gender equity and the favorable representation at corporate, operational and field levels, the underrepresentation of women in roles such as Estate Managers, Assistant Estate Managers, and senior executive positions on the estates, remains common to the Plantations industry. This disparity can be attributed to the operational demands, including 24x7 responsibility for large populations in remote locations and safety concerns. As a solution to this incongruity, KVPL is currently looking at recruiting women who have served in the military and possess relevant training, including weapon proficiency which would equip them with the confidence to take up such roles of heading a large workforce spanning across large land areas, often in remote location. By leveraging the skills and experience of these individuals, we aim to create more inclusive and safer work environments on our estates



Sexual Harassment

Given that women constitute the majority of our estate workforce, safeguarding them from sexual harassment, assault, and related offenses is paramount. Our HRM strictly adheres to legal definitions of sexual harassment. This includes verbal, psychological, and physical forms of harassment, ensuring that any conduct causing intimidation, humiliation, or offense to women is swiftly addressed.



An oversight committee has been established to ensure the effective implementation of our Anti-Sexual Harassment policy. Their mandate encompasses a range of proactive measures aimed at preventing harassment within our organization. This includes promptly addressing any complaints regarding unwelcome sexual advances, acts of physical intimacy, requests for sexual favors, or any other inappropriate conduct of a sexual nature.

The committee is responsible for obtaining support from senior management to execute a comprehensive strategy for combating sexual harassment. They are also tasked with disseminating information to all employees regarding what constitutes sexual harassment and their obligation to refrain from such behavior. This includes prominently displaying anti-sexual harassment posters on notice boards in communal work areas, distributing relevant informational brochures, and conducting regular awareness sessions for all employees to promote a deeper understanding of sexual harassment issues and prevention strategies.



Human Capital

The Committee follows a set of prescribed steps upon receiving a complaint, ensuring a thorough and fair process.



Furthermore, in addition to internal awareness initiatives, we extend our efforts to the broader community. Through training and awareness programs, we educate various groups, including youth, communities, and school children, on laws, prevention strategies, and appropriate actions regarding sexual harassment. These programs leverage both internal and external resources, ensuring comprehensive coverage and effective dissemination of information.

Employee Diversity & Inclusion

GRI 13.15

Our workforce embodies diversity across various dimensions, including age, generations, gender, ethnicity, religion, education, and socioeconomic backgrounds. This diversity not only distinguishes our industry but also underscores the significance of our established policies and investments in social capital. At KVPL, our Human Capital strategies aim to foster a 'One Team' mentality among our diverse workforce while harnessing the array of perspectives and strengths they bring.

We recognize the importance of addressing the diverse needs that accompany such varied profiles. For instance, acknowledging the differences in aspirations and attitudes across generations is crucial for attracting and retaining talent, thereby ensuring the sustainability of our Human Capital.



WOMEN FRIENDLY WORKPLACE AWARDS 2023

Kelani Valley Plantations PLC was recognised at the AICPA & CIMA/SATYN Women Friendly Workplace Awards 2023 with the award of "She Wins". This is the category for the most outstanding female leadership, Ms. Hemamali Paranawithana- Manager HRD & Health won this award.



Occupational Health & Safety (OHS)

GRI 3-3, 13.19, 403:1-10

During the year safety and health and wellbeing showcase positive achievements as Injuries, Absenteeism, Lost Days and Diseases all declined

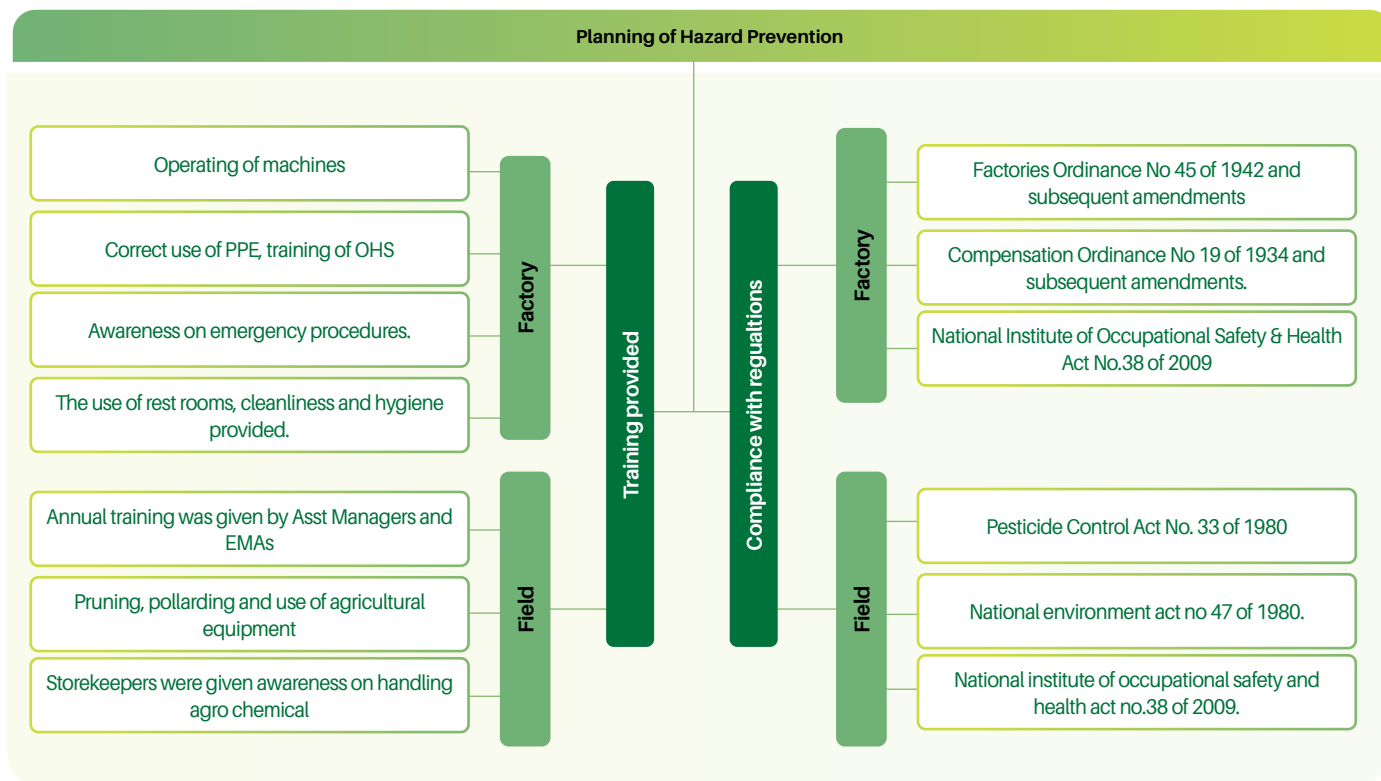
KVPL has a comprehensive health & safety and well being policy framework which is aligned with Group level standards as well as other local and international certification standards. During the year KVPL became the first plantation company to be OSHAS certified as its Ingestre factory obtained this internationally recognized occupational safety and health management system. Following the replacement of OSHAS internationally with the ISO 45001-2018 standard Ingestre estate is now certified ISO45000-2018. The new version of ISO 45001 is also a more comprehensive standard than OHSAS 18001. It includes requirements for leadership and worker participation, which were not included in OHSAS 18001. It also has a stronger focus on preventing accidents and ill health rather than just identifying and controlling risks.

The Manager of Human Resource Development & Health, reporting to the HR Head, is responsible for guiding and overseeing the planning, execution, and monitoring of health, safety, and well-being initiatives at the regional level. Supported by a dedicated team of HRD staff spread across our estates, numbering over 100, and in collaboration with Health & Safety Committees, they collectively drive our efforts to ensure a safe and healthy environment for all. An annual health and wellbeing plan is prepared after identification of relevant risk factors and the Committees implement the following to minimize risks to worker and visitor health and safety:

- Pre-employment health screening of workers by Medical Officers
- Ensure all employees engaged in hazardous work are provided relevant personal protective equipment
- Regular fire drills and first aid training
- Ensure all our harvesters have ergonomically correct harvesting baskets

Planning of Hazard Prevention

GRI 403-7

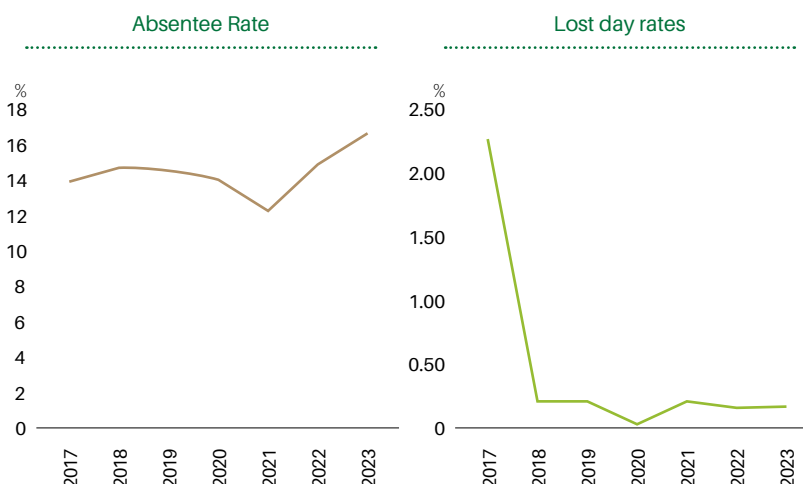


Human Capital

NO	Task	Activity	Hazard	Hazard Category (Biological/ Physical/ Chemical)	Activity trigger	Initial Risk Ranking 2023	
						Impact/ Severity	
1	Plucking and Weeding	Walking and Climbing with tea baskets	Falling	Physical	Wet floor, high slopes in the land, more weight of the tea basket	1	
		Field Work	Leeches	Biological	Seasonal	1	
2	Pruning	Fixing the blade in to the machine	Sharpness of blade	Physical	Non use of PPE's	2	
3	Chemical Handling and Spraying	Chemical spraying	Chemical contacts	Chemical	Lack of proper training for sprayers, unfit sprayers for work, non wear of the PPEs, use poor equipment for spraying	4	
4	Manufacturing	Withering	Falling down	Physical	No guard/not aware	1	
		Rolling	Contacts with moving parts		No belts guards, absents of warning signs	2	
			Falling through roller charging		Unstable platforms	1	
5	Firewood splitting	splitting through machine	Hit wood particles ,damage by machine through sharp ends.	Physical	No PPE's usage, not well trained	2	

Occupational Health & Safety Record - KVPL - 2023/24

Type of Injury	No major injuries were recorded
Injury Rate (IR)	0.13%
Occupational Disease Rate (ODR)	0.01%
Lost Day Rate (LDR)	0.16%
Absenteeism Rate (AR)	16.80%
Work-related fatalities	0
Workers in high-risk situations	N/A



				Risk control measure/ mitigation action	Responsible Person	Hazard Control (Elimination, Substitution, Engineering Control, Administration Control, PPEs)
	Occurrence/ likelihood	Score	Priority (As per the risk grid)			
	3	3	L	Aware the workers and warning sign display in hazardous area	Field officer	Engineering Control, Administration Control
	3	3	L	Introduce leech balms/soaps	HRD Team/ Field Officer/ Executives	Administration
	1	2	L	Provide personal protective equipments, grant permission to authorized peoples to fix the machines.	HRD Team/ Field Officer/ Manager	PPEs
	1	4	M	First Aid Trainings use appropriate PPEs (glove, botom, jacket, mask, boot) provide sufficient trainings, Do medical checkup for all chemical handlers and sprayer, Provide bathing facilities for chemical handlers, Provide proper equipments, Eye wash facilities and trainings	Manager/ EMA/PFWO/ Store Keeper	PPEs
	1	1	I	Apply belt /fan guard	Factory officer/ Executive	Engineering Control, PPEs
	1	2	L	Place belt guards on moving parts, display warning signs	Factory officer/ Executive	Engineering Control, PPEs
	2	2	L	Provide stable platforms and proper instructions	Factory officer/ Executive	Engineering Control, PPEs
	2	4	M	Provide PPEs, training	Factory officer/ Executive	PPEs

During the year, we also enhanced worker infrastructure facilities and comfort by building 2022 field toilets at designated locations on the Tea fields. The toilets, constructed out of eco friendly bamboo, have thus enhanced convenience and comfort for our field staff, particularly the female workforce, by eliminating the need to walk a distance to reach a toilet during their fieldwork.

Impacts of Pesticide use and Training provided to employees on pesticide handling

GRI 13.6

We ensure that our employees who handle and use pesticides are protected from any risks via the following:

- Annual health and safety trainings for pesticide handlers
- Annual medical checkups
- Providing all necessary Personal Protective Equipment (PPE)
- Providing bathing places and first aid kits for spraying gangs
- Displaying pesticide label instructions and first aid measures in local language at each chemical store





Social & Relationship Capital



At the core of our Social Capital lie intangible assets such as shared values, knowledge, trust, and reputation, earned through our steadfast commitment. Our endeavors are fueled by the belief in our capacity; that we “CAN” effect positive change, guided by our holistic model that delineates why we “SHOULD”.

During the year, the key initiatives which we launched, some of which had nature conservation as its primary objective, have also been designed incorporating Intellectual Capital and Community upliftment – through economic as well as knowledge empowerment. Moreover, the impacts also directly benefit the Lankan economy through increased foreign exchange earnings. It is noteworthy that KVPL’s initiatives now effectively foster interconnectivity amongst our capitals. Knowledge enrichment was an area of emphasis during the year for women to be “Inspired” for greater empowerment and “Inclusivity”.

KVPL’s operations extend to 7,621 direct employees and a thriving plantation community of 58,000+ individuals, inspiring us to drive our social sustainability strategy with a focus on impactful outcomes. These numbers underscore the significance of our Social DNA in ensuring the sustainability of our enterprise. The plantation sector in our country presents a unique landscape of Social and Relationship capital, highlighting our responsibility beyond our workforce to the well-being of their families.

In the face of challenging operating environments of the preceding three years, our resilience was supported by the strength of our relationships based on, trust, and reputation. Even amidst national difficulties, KVPL leveraged its robust Social and Relationship Capital, cultivated through continuous efforts and investments, to maintain performance excellence.

The establishment of the ESG framework two years ago has further bolstered our social sustainability initiatives, providing a structured approach with defined strategies, priorities, and goals. This framework enhances our ability to measure and enhance our social impact effectively.



**Commonwealth Business Excellence
Awards 2023**
*Category of Social Responsibility &
Environmental Awareness*

At KVPL the senior management plays a pivotal role in the decision-making process regarding the selection of projects related to Social Capital. These decisions are informed by thorough feasibility analysis, evaluating factors such as resource availability, potential impacts, and alignment with organizational objectives. Past projects are critically reviewed, assessing their success rates and efficiency, to determine whether repetition or innovation is warranted. Moreover, societal needs and expectations are carefully considered to ensure that initiatives align with broader community requirements and contribute meaningfully to social well-being.

Eternal endorsements recognition of our commitment to society

- Mother and child-friendly seal for responsible businesses
- Commonwealth Business Excellence Awards 2023
- Great Place to Work certified (2024/25)
- CPM Best Management Practices company awards 2024 – Top 10
- Best Corporate Citizen Sustainability Award:
 - Top 10 Corporate Citizen
 - Category B - 2nd Runner Up
- Kelani Valley Plantations PLC was recognized with a Special Honorary Award by the Faculty of Agriculture, University of Peradeniya at 75 years-Diamond Jubilee Celebrations for KVPL's long-standing commitment & dedication towards uplifting higher education in Agriculture & Agribusiness Management.
- UN Volunteers Awards Recognition Award by United Nations Volunteers (UNV/VNET) Sri Lanka for 2022/23 for "Outstanding Volunteerism Towards Community & Social Engagement & Environmental Responsibility", mobilizing over 5,000 Volunteers.
- CPM Management Research Forum 2023
 - Environmental, Social and Governance (ESG) - Gold
 - Achieving Business & Institutional Growth Through Insightful Research- Silver



Our multistakeholder partnerships

GRI 3-3

KVPL recognised by University of Peradeniya for its collaborative efforts to advancing Agriculture education.

At the Diamond Jubilee Celebrations of the Faculty of Agriculture at the University of Peradeniya, held during the year, KVPL was honored with a special accolade for its dedication and longstanding efforts in fostering sustainable partnerships and collaborative initiatives with the faculty, underscoring a shared vision for excellence in agricultural education and research.



Our key external stakeholders & partners in elevating our impacts

Local

GRI 3-3

- Ministry of Labor Relations and Productivity Improvements
- Plantation Human Development Trust (PHDT)
- Ministry of Plantation Industries
- Ministry of Estate Infrastructure Development and PMDD
- Department of Wildlife Conservation
- Central Environmental Authority
- Mahaweli Authority of Sri Lanka
- National Institute of Occupational Health and Safety (NIOHS).
- Schools within the estates and surrounding villages
- State Universities
- Divisional secretariat & other legal entities
- Government and private sector banks & micro financial service
- Berendina foundation
- Trade unions
- The Mother and Child-Friendly Seal for Responsible Business
- Sri Lanka Climate Fund
- Other Government institutes
- Tea Research Institute (TRI)
- Rubber Research Institute (RRI)

International

- International Union for Conservation of Nature (IUCN)
- Sri Lanka Red Cross Society
- United Nations Global Compact (UNGC)
- Great Place to Work - Sri Lanka
- UNICEF Sri Lanka
- United Nations Volunteers Sri Lanka
- Foreign universities
- United Nations Development Programme
- United Nations Food and Agriculture Organization

Social & Relationship Capital

GRI 413-1, 203-2



Our Synergistic Initiatives :Enhancing the interconnectivity of our Capitals- The community impacts

Initiative (described in details in Natural Capital Report)	Community Engagement	Impact on Local Community
The world's first Biodiversity Tourism Project	<ul style="list-style-type: none"> Training local youth to be tour guides Demand for local produce from research tourists A dormitory concept will be incorporated at next phase to facilitate affordable accommodation for school students of Biology and Ecology who are afforded practical exposure to complement their academic studies 	<ul style="list-style-type: none"> Increasing income opportunities as guides and in other supporting roles Fostering their employability as skilled guides Empowering individuals through comprehensive knowledge enhancement in Biodiversity, history, archaeology and geology Boosting self confidence of youth through specialised guide training and diverse interactions Educational impact on children through practical exposure to complement their classroom learnings in biology and ecology
Agroforestry on Halgolla estate	<ul style="list-style-type: none"> Value addition to produce such as Bee Honey and Wild Coffee amongst others would create new employment opportunities such as from packaging 	<ul style="list-style-type: none"> Expanding income avenues through the addition of value added products
	<ul style="list-style-type: none"> Designating a portion of the land under Agroforestry for community use 	<ul style="list-style-type: none"> Meeting the nutritional needs of local community
Ellabedde Ridge Corridor for leopard conservation	<ul style="list-style-type: none"> Community involvement is critical to the implementation and sustainability of this project 	<ul style="list-style-type: none"> Minimising Human-Leopard conflict for residents of the areas
		<ul style="list-style-type: none"> Instilling greater environmental consciousness and awareness of the need for conservation of habitats
KVPL for the cleaning and maintaining the We Oya catchment of the Kelani basin	<ul style="list-style-type: none"> Is founded as a Public-Private & People Partnership, is a catalyst for environmental activation and volunteerism Involves communities in cleaning the We Oya and in other win-win activities Green clubs 	<ul style="list-style-type: none"> By cleaning and preventing further pollution of this source of water will significantly enhance the health & quality of life of current & future generations who rely on the Kelani river as their source of water
		<ul style="list-style-type: none"> Livelihood generation from win-win activities such as composting, home gardening and recycling
		<ul style="list-style-type: none"> Environmental awareness and consciousness amongst school children



“Weather Kids” Programme - Fostering environmental stewardship and digital literacy amongst school children

A pioneering initiative introduced during the year is the “Weather Kids” programme – a collaborative effort with UNICEF. This innovative endeavor has seen the installation of 20 Child- friendly, Do- It- Yourself (DIY) Digital Weather Stations at Pedro estate, Nuwara Eliya, marking a milestone in the plantations sector. Designed to foster digital and technological literacy among children, and a sense of environmental stewardship and to provide them understanding of data management and climate dynamics, this programme targets the “Children’s Clubs of KVPL estates.

Children are provided with the opportunity to visit the weather stations and actively participate in the recording of key weather indicators such as daily temperature, humidity levels and rainfall readings. This immersive experience not only enriches their scientific knowledge but also instills a sense of responsibility towards monitoring and understanding changes in the weather.

Feedback from participants has been overwhelmingly positive, with children expressing enthusiasm and eagerness to learn through this interactive platform. By harnessing the power of experiential learning, the “Weather Kids” programme not only equips children with valuable skills but also cultivates a deeper connection to their natural surroundings - a starting point for climate action.



An MoU was exchanged between Dr. Roshan Rajadurai, Managing Director of Hayleys Plantations Sector, on behalf of KVPL and Mr. Christian Skoog, Country Representative of UNICEF Sri Lanka.

Green Clubs in schools : Established with the collaborative efforts of IUCN and KVPL, serve as platforms for school children to actively participate in initiatives aimed at promoting environmental conservation and sustainability. Knowledge sharing sessions within the clubs not only raise consciousness but also empower students to become advocates for environmental and social change within their communities.

Facilitating better workplace sanitation and health for women

Workplace sanitation for women and hygiene and health of women is an area hitherto overlooked by the plantations sector of the country. KVPL has brought this to its agenda of priorities and as part of a comprehensive plan on education of women and girls on the importance of health habits and menstrual health, the Company constructed low hygiene station made of eco friendly bamboo to afford better hygiene and health for our female employees. The female worker population in the plantations comprise young girls to senior women and poor menstrual hygiene can pose serious health risks and construction of these hygiene stations fulfills a much needed basic requirement.

These hygiene station have been constructed in 94 divisions in 25 Estates thus far, facilitating approximately 3,818 women encompassing all 25 estates under the purview of Up country & Low country regions of KVPL.

Social & Relationship Capital

"A Home for Every Plantation Worker": Our dedicated community upliftment initiative



GRI 13.12, 13.22, 203-1, 413-1, 13.9.1

In 2006, KVPL embarked on a pioneering initiative aimed at realizing the vision of "A Home for Every Plantation Worker" within its estates. To date, the Company has facilitated 19,327 workers in achieving homeownership. This project stands as a trailblazer, bridging the gap between our customers and plantation communities, inviting customers to contribute to our social upliftment efforts. Through our tea packs adorned with the "A Home for Every Plantation Worker" logo, KVPL pledges to allocate Rs. 1.50 from every kg. of Single Origin Tea sold.

This holistic program has evolved to encompass four internal essential pillars, as illustrated below:



Internal



Living Environment

- Upgrading and rehabilitation of traditional worker houses
- Provision of factory and field rest-rooms
- Providing electricity to housing and living quarters
- Self-help housing projects
- Upgrading water schemes & installation of new water delivery systems
- Improving access roads to worker housing
- Establishing rural agency post offices within the plantation boundaries
- Protecting and maintaining natural on our plantations



Health & Nutrition

- Regular medical assistance for all plantation communities
- Regular health and nutrition checkups which includes immunization and monitoring of child development, maternal health and elder health
- Ambulance service shared by estates in the same locality
- Day care centres (crèches)
- Provision of medical facilities addressing all major health requirements



Community Capacity Building

- Provision of direct loan facilities to support higher education
- Provision of internships to selected high-performers
- Provision of micro financing facilities in partnership with the Estate Worker Housing Cooperative Societies (EWHCS)
- Provision of a school and nursery for children
- Skill and personality development programs
- Household cash management programs



Youth Empowerment

- Training for small business management
- Bridal and beauty care programmes
- Home gardening
- English language & computer classes
- Monitoring child development (5 – 18 years) in line with ILO standards
- Vocational training programmes to develop a multi-skilled youth population
- Primary school facilities

This holistic program has evolved to encompass five external pillars, as illustrated below:

External



Community Learning and Education

- Providing transport facilities to students who sat for the O/L and A/L examinations during the fuel crisis period
- Offering scholarships to children of our workers and staff
- Digital learning facilities in CDCs and e-learning centers through DP education
- Celebrating children's day to explore the innovative talents of our future generations - KV's Kids Fest



Community Health and Well-being

- Kelani Valley Protectors Initiative
- Promoting and supporting innovative "Home Gardening" concepts
- Launch of the Mother and Child Friendly "Seal" for responsible business



Support for Green Economy

- Green clubs in schools
- Multi stake holder's engagement on environmental sustainability
- Agroforestry models



External Community Relationships

- Participation of external stakeholders in socio environmental projects
- Celebration of Vesak - Socio-cultural collaboration with internal and external communities
- Buddha Rashmi Vesak Mangalya 2023



Corporate Value Sharing

- Strategic collaboration with external intellectual hubs, universities & expertise and other institutions - exchanging practical & advanced knowledge/ community knowledge management initiatives
- Expert Talks and Haritha Piyasa
- Management symposium
- Kelani Valley Plantations Technical Skills Development Program (HPTDP) for office staff (NVQ)
- R&D through university students - mutual benefits with sharing of practical knowledge and research based outcomes for socio- environmental development and sustainability
- Exploration of cultivation, technology and value addition of new crops across the globe with acquired knowledge cascaded to communities and our workforce by our managers
- Explore the scope of added value to existing internal and external collaboration on environmental management and socio-cultural development activities in order to enhance the psychological and emotional motivation of workers and their children

Social & Relationship Capital

GRI 3.3, 13.12, 413-1 & 2

Kelani Valley Plantations PLC		
CSR Summary (2023/2024)		
Description of work	Total	
Category 1: Community Capacity Building	Details/ Programmes/ Units	No. of Beneficiaries
Sport meet	25	9,970
Annual trip	17	
Gender based violence awareness programs for Men	33	
Gender based violence awareness programs for Female	40	
Prevention of alcoholism programs	84	
House hold cash management program	71	
Other	16	
Category 2: Empowerment of Youth	Details/ Programmes/ Units	No. of Beneficiaries
Adolescents programme		16,470
● Bridal & beauty care	14	
● Sewing classes	19	
● Other	42	
Training for small business management	30	
Self employment	40	
Category 3: Living Environment	Details/ Programmes/ Units	No. of Beneficiaries
New houses build (# units)	56	12,641
Access roads (km)	22	
Water schemes (# units)	58	
Sanitation - toilets (# units)	129	
Play grounds (# units)	4	
Upgrading staff quarters (# units)	10	
Community centers (# units)	49	
Electrification (# housing units)	195	
Field rest room (# units)	29	
Factory rest room (# units)	10	
Any special projects (# units)	6	

There are no significant negative impacts on local communities through operations during the reporting year.

Kelani Valley Plantations PLC		
CSR Summary (2023/2024)		
Description of work	Total	
Category 4: Health & Nutrition	Details/ Programmes/ Units	No. of Beneficiaries
Free feeding program (no. of participants Age category 1 -10 years)	459	90,236
Daycare extended to children	496	
Supplementary feeding program (# children)	379	
Health & hygiene monitoring & intervention (# program)	298	
No. of mothers registered	236	
No. of pregnant mothers under care	432	
No. of participants for Antenatal Clinics/ Postnatal Clinics	443	
No. of births	169	
No. of patients provided ambulance	18	
No. of persons provided lorry services	152	
Logistic support (km)	701.1	
Eye care operations		
● Cataract	7	
● Spectacles	87	
● Clinics	13	
Dental clinics	29	
Children's clinic/ Maternal care	127	
Elder's clinic	140	
Health camps	47	
Ayurvedic clinics	32	
De-Worming programme	16	
Iron supplementary programme	248	
Oral Cancer programmes	58	
AIDS awareness programme	36	
TB awareness programme	59	
Dengue awareness programmes	230	
Total no immunized (BCG, OPV, Penta, JE, MV, MR, Rubella, DT, TT, DPT, others)	791	
Annual CSR Investment		209,749,220



Enhancing the protection for children in our communities

In 2018 KVPL became the 1st plantation company in Sri Lanka to adopt a Child Protection Policy in conjunction with Save the Children.



In alignment with the fifth Principle of the UNGC mandate, which we wholeheartedly endorse, our policy aims to enhance maternal health and improve health, nutrition, sanitation facilities, and education for children within estate communities. This encompasses the establishment of feeding corners in creches. The adoption of this policy marks a significant milestone for KVPL, signaling our commitment to actively safeguarding all children residing on our estates from harm, violence, abuse, and exploitation.

Children's Clubs have been established as part of our initiatives to foster a supportive environment for young individuals. Additionally, we have implemented an online monitoring tool to facilitate CPFs in efficiently tracking their activities. To enhance awareness, we distribute leaflets addressing child abuse and provide standardized case record (Log) books for estate managers to report incidents to the Head office. Training packs have also been distributed for easy reference during worker training sessions.



In our crèches, we ensure the presence of at least one qualified child caregiver and prohibit the use of physical punishment by staff. Furthermore, we enforce compliance with the country's laws regarding school attendance for all children under the age of 16 on our estates. Our disciplinary procedures adhere to international norms, ensuring a safe and nurturing environment for children.

The Mother and Child Friendly 'Seal' for Responsible Business

Kelani Valley Plantations PLC, in partnership with The Centre for Child Rights and Business, has conducted a thorough capacity self-assessment to evaluate its strengths and areas for improvement in management capacity, staff capacity, supply chain management, performance & impact, and key child rights areas. Engaging with children, parents, and staff, the company has developed a comprehensive action plan to address the priorities identified. Kelani Valley Plantations PLC is dedicated to making significant improvements in child protection, education, health and nutrition, environment, decent work for youth, and the right to play.

The company pledges to implement these activities in alignment with the principles of the Mother and Child Friendly Seal for Responsible Business, which include:

- Centering child rights in all initiatives
- Committing to continuous improvement
- Assessing the impact of activities on the lives of women and children
- Maintaining transparency about the company's progress and setbacks
- Promoting gender equality
- Ensuring active child participation

Through these efforts, Kelani Valley Plantations PLC demonstrates its unwavering commitment to fostering a sustainable and socially responsible business environment.



Empowering the unemployed youth on our estates with skills for employment

Scarcity of labour is a concern that we have repeatedly articulated. At the same time, the plantation communities comprise many youths in the age groups of 18-30 years who remain unemployed. KVPL hence combined the objectives of meeting these two challenges by facilitating skills training for these youth enabling them to obtain NVQ level qualification from the National Apprenticeship and Industrial Training Authority (NAITA). These youth are thus able to significantly enhance their employability. During the year a group of female and male youth who possess the required minimal educational qualifications were selected

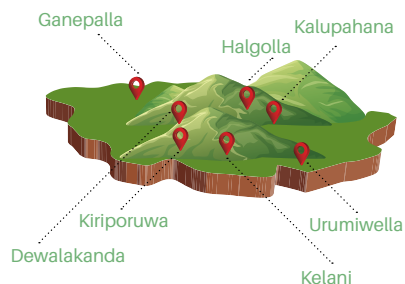
Social & Relationship Capital

Common Hawk-cuckoo

Hierococcyx varius



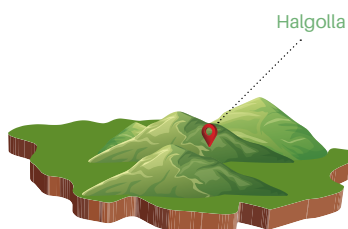
A nationally threatened species recorded in the hills of central Sri Lanka. The estates it was recorded is mentioned below.



Sonerila hirsutula



Threatened species endemic to Sri Lanka, recorded at the Halgolla estate.



to follow a course on Field Officer training. KVPL also prioritized achieving gender parity by enrolling a higher proportion of female candidates in programmes such as Field Officer training to bridge the gap that currently exists at this level. Upon the completion of their training, this batch of youth empowered by a certificate from the NAITA, will be recruited by KVPL as assistant field officers. The youth are thus gainfully employed whilst the attraction to plantation sector employment is increased by enabling them to begin work at officer levels.



The NAITA programme extends beyond field-related roles, encompassing diverse domains such as motor mechanics, electrical work, carpentry, beauty culture, and culinary skills, thus empowering youth to seek employment or become entrepreneurs. This holistic approach not only equips the youth with practical skills but also instills a spirit of innovation and self-reliance, paving the way for sustainable economic growth within the plantation. The inaugural training programme was launched on 12th January 2024.

Lending a hand during challenging economic times- clothing assistance to children on our estates

As families grapple with escalating inflation across the country, and in line with SDG Goal 1, of fulfilling basic needs, KVPL was able to arrange a donation of new clothes during the festive times bringing a smile to 247 female children on our estates in the Hatton region. The clothes valuing Rs. 2 Mn was presented on 19th December 2023.

Other CSR activities most of which are continuous include the following :

- Antenatal and Postnatal Care Clinics
- Immunization Clinics as per Government instructions
- Non-Communicable Disease clinics
- Blood donation camps
- Awareness programme on breastfeeding for pregnant and lactating Mothers
- Tree planting campaign
- Eco-friendly low-cost female hygiene stations
- Cataract removal surgeries
- Supporting plantation workers obtain national identity cards
- ADIC programme
- Distribution of festival packs
- Scholarships for employees children
- Career guidance programme for youth
- Transports for children who sat for O'Level examination
- Children's day celebrations
- Sponsorship of a trip for employees children
- Introduced a mobile ATM service
- First-Aid training and providing a First-Aid kit
- Health & hygiene inspection



Womens' day celebrations -enriching knowledge to "Inspire & Include"

On March 15, 2024, KVPL celebrated International Women's Day with our Up country female employees under the theme "Inspire Inclusion". The three-day event featured enlightening sessions led by esteemed experts, aimed at empowering women with essential knowledge and skills. Highlights included Ms. Samarathunga's session on inclusivity in the workplace, Mr. Chanthumal Jayanjana's insights on gender equality in business, and Ms. Sara Fathima's discussion on women's safety in public spaces. Mr. Tharanga Somarathna also provided valuable guidance on health and wellness, emphasizing the importance of women's participation in sports.

At the KVPL head office, the celebration featured veteran television presenter Ms. Indunil Dissanayake as the esteemed guest speaker. Her engaging session on "Equality & Unity for Inclusion" underscored the importance of support and solidarity among women. Attendees enjoyed a morning filled with empowerment, insightful discussions, and a celebration of women's achievements, making the event memorable and impactful as we collectively strive for a more inclusive and supportive future.



Customers, suppliers & stakeholders

GRI 2-6

KVPL's relationships with its customers, suppliers and stakeholders are founded on a long term approach in business; thus engendering trust and reliability are cornerstones of our engagement with all our stakeholders.

KVPL's Key Customer Groups



In our Tea business, we extend an open invitation to our major exporters to visit our estates alongside their clients. During these visits, we showcase our stringent quality systems and processes, elucidating the key sustainability measures adopted across our field and factory operations. Furthermore, we host Tea tasting sessions on our estates, providing a platform to exhibit our teas while gathering invaluable feedback from our key buyers.

Beyond direct engagement, KVPL fosters consumer participation in our social sustainability initiative, "A Home for Every Plantation Worker", by allocating Rs. 1.50 from every kg of our Single-Origin Tea range to the fund. This inclusive approach not only demonstrates our commitment to social responsibility but also empowers our customers to contribute meaningfully to our shared objectives.

Social & Relationship Capital

GRI 2-6

Our customer attrition & retention strategies include the following:

- Customer feedback surveys**
 Quarterly surveys from both export markets and local buyers enable us to gain valuable insights into customer preferences and concerns to ensure continuous improvement and customer satisfaction, and facilitate customization of our products and services.
- Quality assurance programmes**
 Ensuring quality standards with consistency to meet both export market and local buyer expectations. Our approach involves implementing rigorous quality control measures at every stage of the production process.
- Customized packaging and branding**
 Developing customized packaging designs and branding messages that cater to the specific preferences of each target market. Whether it's domestic consumers or international buyers, we carefully craft packaging and branding elements to align with their unique tastes and preferences.
- Customer service training**
 Extensive training for customer service representatives to proficiently manage inquiries, complaints, and other interactions to be able to deliver consistently positive experiences and foster strong customer relationships.
- Supply chain transparency**
 Offering transparency throughout our supply chain, implementing traceability initiatives that enable customers to track the origin of the tea they purchase. By providing visibility into our sourcing practices, we aim to build trust and loyalty among customers who prioritize ethical sourcing and sustainability.
- Marketing campaigns**
 Tailored marketing campaigns designed to resonate with different customer segments. For export markets, our campaigns spotlight the distinctive qualities of Kelani Valley Teas, showcasing their unique qualities. Conversely, our local marketing efforts

emphasize tradition, quality, and community involvement, highlighting our deep-rooted connection to local communities.

- Customer appreciation events**
 We organize exclusive tastings, offer discounts, and provide special offers exclusively for repeat customers in both export and local markets. These initiatives not only express our appreciation but also foster stronger connections with our customers, reinforcing their loyalty and satisfaction with our products.
- Partnerships and collaborations**
 Collaborating with retailers, distributors, and other partners to expand reach and access to both domestic and international markets. Building strong relationships with these partners is crucial for ensuring the availability of Kelani Valley Teas in various regions.



Product responsibility & customer health & safety

GRI 3.3, 13.10

At KVPL we take pride in our commitment to ensuring the highest standards of product responsibility and customer health & safety. Our dedication to quality is underpinned by adherence to internationally recognized certifications and rigorous internal standards across all facets of our operations

ISO 22000:2018 and HACCP certifications, awarded by the Sri Lanka Accreditation Board, serve as the cornerstone of our food safety management system. These certifications are not just symbols on paper; they embody our pledge to maintain stringent food safety and quality standards at every stage of our black tea manufacturing process. From the meticulous care given to plant cultivation to the precise processing and distribution of our products, we prioritize the well-being of our customers.

To ensure the purity and safety of our teas, we conduct comprehensive annual tests in accordance with ISO 3720 for Black Tea and ISO 11287 for Green Tea, covering heavy metals, microbiological criteria, and agro-chemical residues. Moreover, our internal standards surpass regulatory requirements, exceeding TRI specified maximum residue limits (MRLs) for key markets such as Japan and the EU. We have also minimised chemical application in line with our thrust on sustainable agricultural practices.

In parallel, our Rubber sector uphold the highest environmental and social standards. Our plantations are endorsed by Forest Stewardship Council (FSC) and Organic Rubber (USDA/NOP & EU) certifications, whilst our products of Sole Crepe and Crepe Rubber are certified by FSC



Chain of custody certification, Centrifuge latex are certified by Global Organic Latex Standard (GOLS) and FSC. Through certifications we ensure that our rubber meets the most stringent criteria for ecological responsibility and consumer safety.

Furthermore, our dedication to social responsibility extends beyond certifications for customers. With Fair Rubber partnership and Sustainability Framework Certification. We actively contribute to improving the livelihoods of estate workers and fostering sustainable community development. By aligning with Rainforest Alliance farm certifications (Find out more at ra.org) and conducting regular internal audits and an annual external audit, we continuously strive for excellence in environmental conservation, social equity, and economic viability. A designated in-house team has been established at each estate, to monitor compliance with rigorous environmental, social and economic criteria.

GRI 416-1&2

We ensure 100% of its tea products and services are assessed for health and safety impacts. All KVPL tea factories are ISO 22000:2018 certified, follow HACCP principles, and maintain Good Manufacturing Practices (GMP) certification. KVPL's commitment to sustainability and ethical practices is further evidenced by certifications from the Rainforest Alliance and the Ethical Tea Partnership. Notably, KVPL has had no recorded incidents of non-compliance regarding the health and safety impacts of their products and services, reflecting their adherence to stringent international standards.

Suppliers

The enduring partnership with a significant portion of our suppliers, dating back to 1992 (the Company's privatization), underscores the robustness and longevity of our supplier relationships.

As part of our commitment to responsible business practices, we conducted our inaugural supplier survey in the year under review. This survey covered essential aspects of a suppliers' business operations,

quality management, compliance, and health and safety practices. It seeks information on their financial stability, scope of activities, legal history, intellectual property protection measures, quality management certifications and systems, customer complaint handling procedures, laboratory facilities, training plans, food safety certification, supplier compliance with regulations, health and safety programs and policies, emergency readiness procedures, and presence of certified first aiders on-site. By collecting this information, we could evaluate the suitability and reliability of our suppliers, assess risks, ensure compliance with standards and regulations, and promote a safe and sustainable working environment. We're pleased to report that we received mostly positive feedback from our suppliers, reinforcing our commitment to responsible procurement practices and continuous improvement.

Shareholders

Our commitment to shareholders is exemplified through policies that foster shareholder engagement and encourage diverse investments aimed at delivering returns while maintaining transparency and accountability. We uphold the principle that shareholders, particularly investors, have the right to access transparent and accurate financial reporting adhering to relevant accounting standards. Moreover, shareholders possess voting rights on crucial matters, empowering them to voice their opinions.

Investors are afforded the opportunity to scrutinize governance practices, as well as environmental and social considerations. Furthermore, shareholders expect the company to operate ethically, avoid conflicts of interest, and abstain from political contributions aimed at securing undue advantages.

The integration of governance principles into our sustainability framework, known as the "KVPL Corporate DNA," signifies our commitment to bolstering governance practices and enhancing shareholder engagement. This strategic focus reinforces our dedication to responsible corporate behavior and long-term value creation for all stakeholders.



Furthermore, the Company's steadfast commitment to delivering attractive returns on investments to its shareholders is evidenced by our Value per Share policy. This policy ensures that shareholders receive the best possible returns on their capital investment.

Political contributions

GRI 3-3. 13.24, 415-1

As a policy KVPL refrains from making any contributions to any Sri Lankan or foreign political party or affiliate or political personality.

As a member of the Hayleys Group, its bribery and anti-corruption policy emphasizes zero tolerance for bribery and corruption. The Policy is applicable to the board of Directors and all employees of Hayleys PLC and its subsidiaries and includes guidelines on gifts, hospitality and promotional expenses, facilitating payments, political contributions and donations, charitable donations, commissions payments to third parties and partner due diligence amongst others.

GRI 2-27

There were no incidents of non compliance with any laws or regulations and hence no fines or penalties for non compliance during the year.

GRI 13-10

As a beverage to the ultimate consumer our products and manufacturing standards adhere to stringent health and safety standards. Accordingly, all products and processes are fully compliant with ISO22000:2018 HACCP GMP (Good Manufacturing Practices) certification.

Natural Capital

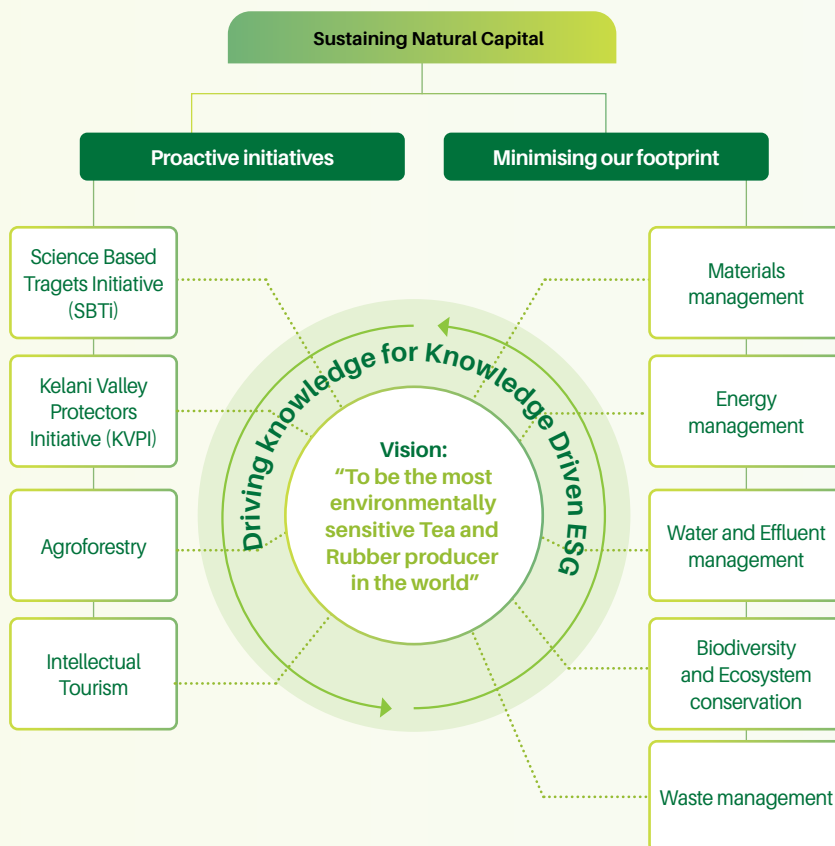


As stewards of Sri Lanka's invaluable natural resources, encompassing over 13,000 hectares of land across the diverse landscapes of the Up Country, Mid Country, and Low Country, we bear a profound responsibility. We understand that the sustainability of these resources is not merely vital for the success of KVPL, but is intrinsically linked to the health of the country's ecosystems and, ultimately, the well-being of its people.

Our commitment to creating value in Agriculture is inseparable from our dedication to protecting and enhancing these precious resources. We recognize that the productivity of our land, the well-being of our people, and the strength of our Financial Capital are deeply interconnected. Thus, we approach our responsibilities with a holistic perspective, mindful of the interconnectedness of these elements.

During the year, our thrust on enriching ESG knowledge saw number of our Environmental initiatives incorporate knowledge sharing to galvanize communities on the essentiality and benefits of conservation and combating climate change as described in this section. We are aware that local populace is critical to the success and sustainability of these endeavors. Many of the activities aim to groom school children to champion a greener world by empowering them with knowledge.

KVPL's environmental DNA implementation in 2023/24



Our environmental DNA :

- Reliance on sustainable and renewable energy sources
- Reduction in energy intensity through improvement of operational efficiencies
- Phase-out of our absolute Carbon footprint (aligning with science-based targets)
- Application of sustainable water sources, reduction in water intensity through efficiency improvements, value addition
- Ensuring the responsible consumption of natural resources and sustainable productions across the group
- Ensuring best chemical management practices across the supply chain
- Biodiversity conservation and preservation relating to our business operations

The Policies we adhere to & which guide and reflect our Environmental Sustainability

- Environmental Policy, Biodiversity conservation Policy
- Hayleys policies on environment (Hayleys Life Code)
 - Energy and Emissions Policy
 - Chemical Management
 - Water
 - Material and waste
 - Biodiversity
- Environmental DNA of KVPL ESG framework

The impacts of our Agricultural business on the environment encompasses both positive and negative aspects. Here's a summary of the positive impacts:

- Soil Conservation :** Our activities enhance soil conditions by improving porosity, water holding capacity, and nutrient retention. This reduces soil degradation and promotes beneficial microorganisms
- Watershed Management:** We protect and conserve water catchment areas, which improves both surface and groundwater quality.
- Increased Green Cover:** Tree planting initiatives contribute to a greater green cover, which not only benefits the environment but also enhances micro-climates within and around our estates.

- Biological Pest Control :** Biodiversity conservation aids in biological pest control reducing the need for Chemical pesticides
- Greenhouse Gas (GHG) Savings:** Plantation crops, such as rubber trees, act as Carbon sinks which absorb CO₂ from atmosphere during photosynthesis, contributing to greenhouse gas reduction. Rubber trees, in particular, exhibit forest-like properties in this regard
- Biodiversity Conservation:** We maintain a Biodiversity inventory and actively work to conserve diverse species within our operations
- Wildlife Corridor Conservation:** By maintaining and conserving wildlife corridors, we ensure habitats remain connected, facilitating the movement of wildlife populations
- Contribution to Climate Change Mitigation:** Our efforts make a significant contribution to global climate change mitigation

The negative impacts and how we strive to mitigate them :

Negative Impact	Ways in which we mitigate
Agrochemical usage	<ul style="list-style-type: none"> Minimize the usage, Integrated pest management plan approved by TRI, improve soil condition to maximize fertilizer efficiency, training and awareness, buffer zone, empty hazardous can recycling. Spot fertilizer application (for Rubber) Improve the accuracy of dosage measurements Rotations of active ingredients Avoid calendar application
Soil erosion due to soil disturbances in agriculture practices and soil erosion due to vacant patches	<ul style="list-style-type: none"> Soil conservation practices such as draining, tracing, hedge row planting, incorporating organic matter to soil, avoid clean weeding, cover the vacant patches with crops or planting cover crops.
Waste water release to environment	<ul style="list-style-type: none"> Tea factories- release through soak pits & Rubber factories after effluent treatment, Regular testing of waste water and drinking water.
Mono crop cultivation	<ul style="list-style-type: none"> Increasing the bio diversity in riverine boundaries, forest patches, Crop diversification. Introducing the Agroforestry model.
Fuelwood usage for tea factories	<ul style="list-style-type: none"> Using sustainable biomass, screening of biomass suppliers for environmental sustainability initiatives/ Forestry management plan.

Cotylelobium lewisianum

This extremely rare plant in Sri Lanka, was **recorded from the Halgolla estate 120 years after it was last reported globally**, during our sampling efforts at KVPL estates in collaboration with IUCN.



SCAN ME!

Natural Capital



Combatting Climate Change

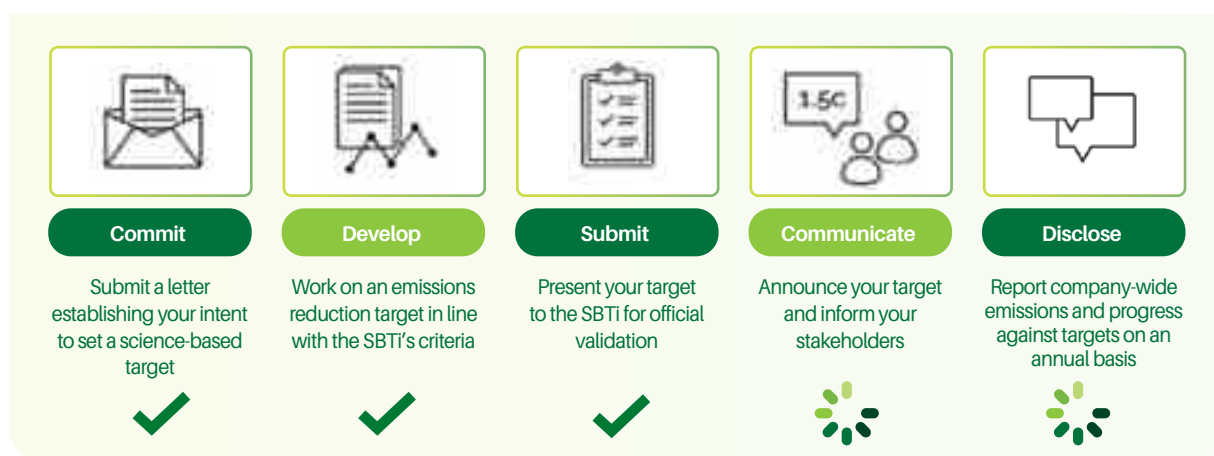
GRI 13.2

As a company engaged in Agriculture, climate change is inherently intertwined with our operations, presenting negative repercussions. The key negative implications include

- Crop losses and damage to natural food cycles
- Increase of pest and disease
- Water scarcity for crops
- Land degradation/becoming marginal lands
- Impacts to estate communities and their living conditions
- Impact on worker productivity



KVPL pledged its commitment to the science-based target initiative in 2020, aiming to transition into a 'Carbon Conscious' and 'Climate Friendly' company; with a long-term vision of achieving 'Net Zero by 2050,' aligning with the Paris Agreement's goal of limiting global warming to well below 2°C above pre-industrial levels and striving to limit it to 1.5°C. We have submitted our targets to SBTi and are currently undergoing the process of target validation.



Harnessing and propelling ESG insights from across the world, for enduring sustainability

KVPL assumed a pioneering role in orchestrating and hosting the International Plantations Sustainability Summit 2023. This monumental endeavor marked a watershed moment, elevating the summit to the distinction of being the world's inaugural Carbon Neutral international gathering. Comprehensive carbon footprint assessments were conducted, encompassing various facets such as food, water, material usage, and air travel. And KVPL was able to offset the total and collective emissions of the symposium by using the already available Carbon credits. The external assurance for Carbon neutrality was provided by the Sri Lanka Climate Fund.





Conserving Sri Lanka's Biodiversity - Halgolla Research Tourism would not only epitomize a Triple Bottom Line enterprise but also place Sri Lanka on the Biodiversity world map.

Located in the picturesque Kegalle district, the Halgolla estate spreads over 1,196 hectares. In 2009, KVPL embarked on a pioneering journey by commissioning the first-ever Biodiversity assessment of its Halgolla estate. Conducted in collaboration with the International Union for the Conservation of Nature (IUCN), this landmark survey yielded remarkable results, unveiling numerous endemic and previously unknown species of flora and fauna. Buoyed by the success of this initial endeavor, KVPL initiated a 2nd and 3rd surveys in 2012 and 2019 further enlightening everyone on the estate's ecological significance.



An extremely rare plant in Sri Lanka, *Cotylelobium lewisianum* (Syn. *Vatica lewisiana*), listed as a Critically Endangered species was recorded from the Halgolla estate 120 years after it was last reported.

Cotylelobium lewisianum (Syn. *Vatica lewisiana*)
Sinhala name : Yakahalu dun (යකහලු දැව)

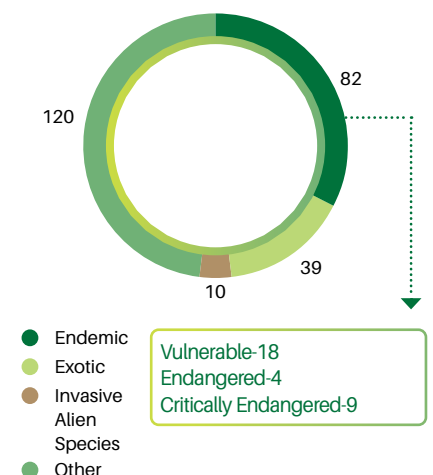
Building upon these foundational discoveries, the findings of a 4th Biodiversity survey in 2023 have galvanized us to embark on an unprecedented venture—the establishment of a Biodiversity research tourism center on the Halgolla property. Situated in the Sabaragamuwa province, Halgolla boasts six distinct natural habitats, earning its reputation as one of the region's Biodiversity hotspots. Recognizing both the imperative to safeguard these invaluable resources and the potential to foster eco-tourism and research, KVPL's visionary initiative represents a paradigm shift in sustainable business strategy. Scheduled for launch by the end of this year, our Biodiversity research tourism center will serve as a nexus of scientific inquiry and environmental stewardship. Equipped with state-of-the-art research facilities, the center will facilitate interdisciplinary exploration, encompassing biological, geographic, social, and economic dimensions. By embracing a Triple Bottom Line approach, we aim to harmonize ecological conservation with economic prosperity and social well-being.

Beyond its environmental dividends, the venture holds immense promise for economic growth and community empowerment. By attracting eco-tourists and international researchers, we anticipate a considerable influx of foreign exchange and employment opportunities for local residents. Partnering with IUCN, we are committed to leveraging their global network to promote awareness and collaboration, amplifying the impact of our collective efforts.

Amongst the project's components being finalized is the design of three chalets to accommodate visiting researchers for short to extended stays. These chalets will serve as comfortable and conducive spaces for residential research endeavors.

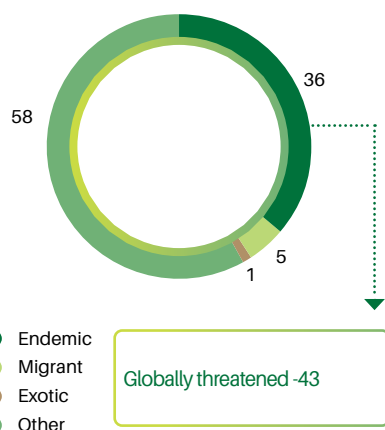
Moreover, our educational tourism model extends beyond Biodiversity studies to encompass cultural, historical, and social research and education. By nurturing local talent as guides and advocates for their natural and cultural heritage, we aim to foster sustainable livelihoods and community resilience. In addition to written trail guides or recorded video presentations, local naturalist guides can bring the destination to life with dynamic interpretive information on Biodiversity, biogeography, geology, prehistory, local history and plantation cultural history.

Flora diversity of Halgolla



Natural Capital

Faunal diversity of Halgolla



Whistling shrub frog

Pseudophilautus nemus



Geographic range of this globally threatened species has been observed in the forest reserves in Sri Lanka as well as at Halgolla.

Halgolla



Sustaining Biodiversity – a green corridor to conserve the Leopard

Following the initiative we made in the prior year, by entering into a Memorandum of Understanding (MOU) with the Wilderness & Wildlife Conservation Trust (WWCT) to establish the Ellabeda Ridge Corridor (ERC) with the primary objective of maintaining favourable conservation status for Leopards and other Biodiversity and to minimize Human-Leopard conflict; KVPL continued to expand, monitor and sustain the project, and galvanizing the community has been a key to its success thus far.

Seven of KVPL estates which border this corridor are signatories to this MOU and have thus committed to the following to protect this area.

Commitment

- Committing to prohibit & prevent activities such as forest clearance, mineral extraction & all activities that are deemed illegal such as hunting, starting fires, setting of snares, felling trees and enabling gradual rewilding where appropriate.
- Habitat Restoration & enhancement
- Visibility such as boundary signages, awareness raising amongst estate communities, education and Governance such as regular meetings of the parties to the MOU
- Ongoing monitoring of the corridor

Strides in 2023/24

- Identified a new adult Leopard with cubs
- Continued ongoing monitoring via set cameras- expand the scope by fixing new cameras
- Established sign boards
- Have identified 36 leopards spanning 4 generations thus far
- Awareness programmes for all estates – management, staff and workers & plantation community
- TOT training for HR staff



Leopard Awareness Session Conducted at Ingestre estate for all partnering Estates of Hatton Region

Plans for the year ahead

- Establish a botanical nursery to grow indigenous trees to for bridging the gaps within the wildlife corridor
- Expand awareness on Leopard conservation and importance of the corridor amongst schools and community
- Establish "Forest Guardian" groups in schools comprising 20-30 school children, teachers and the Principal; fostering a sense of environmental stewardship among students, teachers, and school leaders
- Establish 'Forest Guardian Resource Rooms' equipped with required material for learning and activities in selected schools
- Commence snare removal patrolling



“Weather Kids Programme” - fostering environmental stewardship and digital literacy amongst school children

A pioneering initiative introduced during the year is the “Weather Kids Programme” – a collaborative effort with UNICEF. This innovative endeavor has seen the installation of 20 Child-friendly, Do-It-Yourself (DIY) Digital Weather Stations at Pedro estate, Nuwara Eliya, marking a milestone in the plantations sector. Designed to foster digital and technological literacy among school children, and a sense of environmental stewardship and to provide them an understanding of data management and climate dynamics, this programme targets the “Childrens’ Clubs of KVPL estates.

Children are provided with the opportunity to visit the weather stations and actively participate in the recording of key weather indicators such as daily temperature, humidity levels and rainfall readings. This immersive experience not only enriches their scientific knowledge but also instills a sense of responsibility towards monitoring and understanding changes in the weather.

Feedback from participants has been overwhelmingly positive, with children expressing enthusiasm and eagerness to learn through this interactive platform. By harnessing the power of experiential learning, the Weather Kids programme not only equips children with valuable skills but also cultivates a deeper connection to their natural surroundings - a starting point for climate action.



An MoU was exchanged between Dr. Roshan Rajadurai, Managing Director of Hayleys Plantations Sector, on behalf of KVPL and Mr. Christian Skoog, Country Representative of UNICEF Sri Lanka.

Halgolla estate selected for Netherlands - Sri Lanka pilot project on “Agroforestry on Tea Plantations in Sri Lanka”

Following an initiative in 2022, by The Embassy of the Kingdom of the Netherlands in Sri Lanka and the Netherlands Enterprise Agency (RVO); to launch “Agroforestry on Tea and Coconut Plantations in Sri Lanka; the past year saw the Halgolla estate emerge as the chosen locale for this groundbreaking pilot project. RVO will engage the Tea Research Institute and the Coconut Research Institute, along with the University of Peradeniya and Wageningen University and Research (WUR) (of the Netherlands) in this project which will be coordinated by the IUCN. RVO will make regular evaluations of the participating plantations’ performance within the project framework, leveraging insights to refine strategies, address challenges, and maximize positive impact.

In the current landscape, numerous plantations grapple with formidable challenges such as land degradation, aging infrastructure, the specter of climate change, price fluctuations, labor shortages, and escalating production expenses. These adversities culminate in diminished productivity, waning market competitiveness, and a constrained ability in the long term to conform to evolving international standards of quality sustainability.

Amidst this backdrop, the diversification of plantations through the lens of agroforestry is being adopted as an avenue to rejuvenate productivity and bolster the economic viability of these landscapes; while bestowing environmental benefits and fostering prosperity among rural communities. More specifically in terms of environmental targets, Agroforestry will seek to contribute to soil, water and Biodiversity conservation to improving soil by managing different root depths.

However, as experts explain, “effecting the transformation of degraded parts of plantations into thriving agro-ecosystems is no simple feat and Agroforestry models require adaptation to the specific agroclimatic and socio-economic context and may also require new market linkages and alternative business models”.

In line with the project’s vision our initiatives during its first year included



- Improving productivity of the existing tea bushes
- Diversification with Coffee, Durian, Arecanut and Kithul : Plants were introduced in land plots where tea bushes are unproductive or marginal, diversifying plantation landscapes. Additionally, a pilot project for tapping Kithul trees was initiated, aiming to produce Kithul treacle under the KVPL brand. Further expansion of tree planting is planned based on the success of these pilot projects.
- Honey Bee boxes : Honey bee boxes were introduced to harness pollinator effects. This initiative not only enhances fruit plant yields but also serves as an income-generating project through the sale of bees’ honey.


These endeavors transcend beyond mere agricultural diversification; they embody a comprehensive commitment to sustainability through Triple Bottom Line impacts.



Natural Capital


Slaty-legged Crane/ 'Alupa Keraliya'
Rallina eurizonoides












Rare breeding resident in Sri Lanka that is confined to the wet zone. Only a handful of records exists of the species including at Halgolla estate.

Halgolla



Crop Profile

Commercial Crops			
Shade Trees & Cover Crops			
Community Food Crops			



Introducing honey bee boxes and crop diversification projects at Halgolla estate under Agroforestry Project

Kelani Valley Protectors Initiative (KVPI) – bolstering the sustainability of our initiative to enrich the We Oya catchment area

The Kelani Valley Protectors Initiative (KVPI), to support the Government's "Surakimu Ganga" Programme in Kelani river basin was launched on February 28th, 2022 at Kelani Valley Plantations PLC (KVPL) We Oya Estate, Yatiyanthota. Recognising the indispensable role Sri Lanka's water resources play in sustaining life, from drinking to bathing and supporting aquatic ecosystems, KVPI embarked on this initiative in collaboration with several other stakeholders, with an initial focus on safeguarding the vulnerable We Oya catchment of the Kelani river. The initiative's partners include the IUCN, the Divisional Secretariats, Forest, Wildlife, Agriculture and Health related agencies, Central Environment Authority, National Water Supply and Drainage Board.

During the year under review, KVPL bolstered the sustainability of its model for the KVPI initiative by adding another objective of forging partnerships with entities or individuals with a commitment to contribute to conserve the area. This novel model invites external parties to make a green investment by sponsoring trees at a cost of Rs. 850 per plant - in exchange for brand visibility and an opportunity to

contribute to greening our earth; whilst KVPL would be taking on responsibility to procure, plant and nurture native species of plants and maintain the plants for until such time they are ready to thrive on their own -which is 3 years. The volunteering partners also lent their time and effort to clean the We Oya catchment by collecting polluting waste material and by strengthening Green Clubs which we have established. During the year, we signed MOU's for collaboration with two entities; namely Advantis 3PL and the Control Union Inspection of Sri Lanka who visited We Oya and pledged their commitment.



Advantis 3PL and the Control Union Inspection of Sri Lanka participated for KVPI at We Oya estate

In addition, we also collaborated with the Kitulgala Forest Department to plant eighty native trees at Kelani estate which neighbours the We Oya catchment.

The ongoing objectives of KVPI under this holistic approach towards conservation include

- Adopting nature based solutions : leveraging natural ecosystems and processes to address environmental challenges to benefit the health and resilience of the area
- Supporting Public-Private-People Partnership : establish a replicable model for collaboration for sustainable catchment protection which aligns with the broader objectives of the Surakimu Ganga Programme.
- Monitoring, Evaluation, Accountability & Learning (MEAL) ; continuous assessment and learning being essential for the success of any environmental initiative; KVPL use MEAL to track progress, identify challenges and adapt strategies to ensure accountability and efficacy.

Green Clubs

In the preceding year, the inception of "Green Clubs" in schools located within the We Oya and Kelani river area marked a valuable step towards fostering environmental awareness and engagement among young minds. These Green Clubs, established with the collaborative efforts of the Central Environment Authority, the Forest Department and IUCN, serve as platforms for school children to actively participate in initiatives aimed at promoting environmental conservation and sustainability. The conservation and cleaning of We Oya catchment, improves the water quality of We Oya and thus benefits the villagers and raises their awareness of the need to prevent pollution of it.

Through awareness campaigns and interactive activities facilitated by the Green Clubs, students from nearby schools have the opportunity to deepen their understanding of key environmental issues, particularly focusing on the significance of water quality and its impact on the well-being of neighboring communities. Knowledge sharing sessions within the clubs not only raise consciousness but also empower students to become advocates for environmental and social change within their communities.



Programme in progress or Imparting expertise on Fresh water Fish conducted by IUCN officers

Natural Capital

Our efforts towards collaborative initiatives - KVPL heads the Water & Ocean Stewardship Working Group of UNGC

KVPL has been actively engaged in collaborative initiatives on both international and national fronts, dedicating our efforts to advancing both local and global environmental goals for mutually beneficial outcomes. In the year under review, KVPL voluntarily agreed to lead the Water & Ocean Stewardship Working Group by coordinating with UNGC Sri Lanka to set targets and KPIs, establish objectives, and develop an activity plan to achieve these targets and objectives. Further, KVPL is actively participating in UNGC Climate Emergency Task Force Working Group.

Visit by experts on Nitrogen pollution:

KVPL's Pedro estate hosted a group of over 100 leading scientists from Europe and South Asia who visited Sri Lanka for the South Asian Nitrogen Hub Annual Conference organized by the Faculty of Agriculture of the University of Peradeniya, held at the university in October 2023. The Group was led by Professor Mark Sutton, Director South Asian Nitrogen Hub (SANH) and the UK Centre of Ecology and Hydrology (UKCEH). SANH's primary objective is to combat Nitrogen pollution and promote sustainable Nitrogen management for a cleaner South Asian region by 2030.



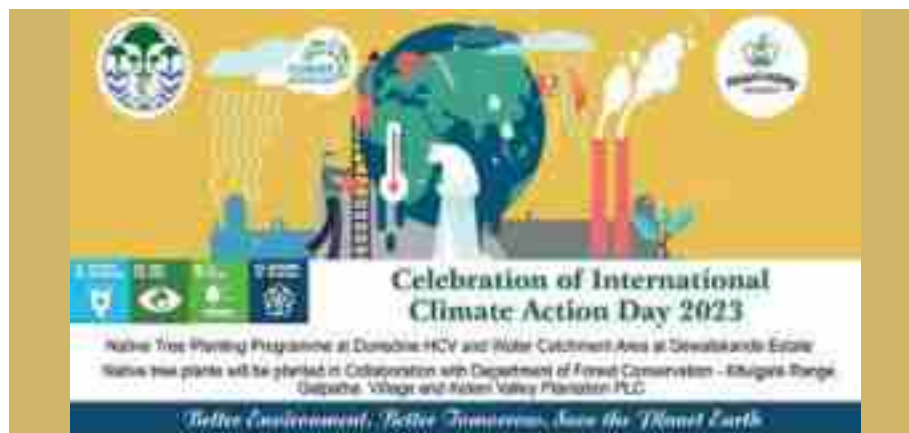
KVPL products are now officially ECO LABEL SRI LANKA, endorsed

The year under review saw, Kelani Valley Plantations PLC being officially awarded the ECO LABEL SRI LANKA CERTIFICATE; allowing our entire Tea product range to proudly display the ECO LABEL, SL logo. By bearing the ECO LABEL SRI LANKA logo, our products demonstrate their positive environmental attributes, reduced impact on human health, and ethical production practices. And the certification provides assurance to consumers, suppliers, and procurement teams alike that our products and services have undergone thorough, independent third-party assessment, aligning with international standards for sustainability and environmental stewardship.



Observing International Climate Action Day

International Climate Action day of 24th October was marked with a 100 native tree planting programme at our HCV area in Dewalakanda estate. It was carried out in collaboration with the Forest Department Kithulgala and the participation of CEA authorities and the villagers.



Environment Day Celebration

We commemorated World Environment Day 2023, which fell on the 5th of June, with a special event held at Lavant estate on the 7th June 2023. As part of our commitment to environmental stewardship, we planted 100 native trees in one of our critical High Conservation Value (HCV) areas. This initiative was made possible through collaboration with the Department of Forest Conservation-Kithulgala Range, underscoring our dedication to fostering partnerships for sustainable conservation efforts.



Earth Day Celebration

KVPL commemorated International Earth Day on 22nd April by planting trees such as Red Jack Fruit, Jamanarang and Pears which also have food value, in home gardens of its bungalows and of employees.



The Commitments to International & Local Mandates

- The CEO Water Mandate
- Member of the United Nations Global Compact (UNGC) and commitment to its 10 UNGC Principles
- The UN's Sustainable Development Goals
- Active member of Biodiversity Sri Lanka

The Certifications which endorse our Environmental Sustainability Commitment

- Rainforest Alliance for all our Tea gardens
- Forest Stewardship Council for all our rubber gardens
- USDA- NOP and EU organic certifications for Rubber
- Sustainability framework certification for Rubber
- Eco Label Sri Lanka Certification for Tea

Greening Our Footprints

GRI 3-3

Materials Management



KVPL utilizes a combination of renewable and non-renewable materials in its operations, renewable materials, primarily consisting of green leaf, latex, and packaging materials such as paper bags; form a significant part of our sourcing. In contrast, non-renewable inputs like fertilizer, dolomite, and agro-chemicals (in both liquid and solid forms) are also essential components of our processes.

Our commitment to sustainability predates the 2021 ban on certain agro-chemicals, as evidenced by our proactive efforts to reduce the reliance on non-renewable inputs. These efforts align seamlessly with our ESG (Environmental, Social, and Governance) integrated model. In recent years, heightened regulatory scrutiny has spurred us to intensify these initiatives further.

Implementing smart precision Agriculture techniques lies at the heart of our sustainability strategy. We employ advanced methods such as soil augers and targeted weed control to optimize resource usage. Moreover, our approach to fertilizer application is informed by soil testing, enabling precise and site-specific application. We also prioritize the integration of synthetic fertilizers with organic alternatives like compost, produced from biodegradable waste and weeds sourced from our estates. This integrated approach significantly reduces our reliance on synthetic fertilizers.

Furthermore, KVPL holds itself to exceptionally high standards, exceeding the minimum requirements set by regulatory bodies such as the Tea Research Institute and the Rubber Research Institute. Our aim is to align with globally recognized sustainable Agriculture standards.

The breakdown of renewable and non-renewable material usage is outlined in tables below.

GRI 301-1

Usage of nonrenewable Material				
Type of Material	Unit	2023/24	2022/23	2021/22
Fertiliser	kg	2,230,667	1,268,041	1,292,435
Dolomite	kg	1,482,961	885,188	2,123,907
Agro-chemicals (Liquid form)	Litres	18,342	10,437	13,864
Agro-chemicals (Solid form)	kg	2,838	4,252	2,094

Natural Capital

Renewable Material Used				
Type of material	Units	2023/2024	2022/2023	2021/2022
Bought leaf	kg	2,954,878	3,448,421	2,743,594
Estate leaf	kg	17,037,712	15,117,256	17,609,419
Total green leaf	kg	19,992,590	18,565,677	20,353,013
Bought latex	kg	245,306	280,202	238,903
Estate latex	kg	2,069,872	2,355,487	2,745,943
Total latex	kg	2,315,178	2,635,689	2,984,846
Packing Materials	kg	66,477	96,969	98,593
Firewood	m ³ /Cubes	29,182	27,584	30,079

GRI 301-2, 301-3

As the Company's core products are exported and all our Tea processing centers are ISO 22000:2018 certified, KVPL has limited opportunities to reclaim and reuse packaging materials. Therefore, zero percent of recycled materials are used. KVPL faces constraints in incorporating recycled raw materials into its production processes.

Pesticide Usage

GRI 13.6

KVPL has indeed set higher standards for itself, aiming to surpass the minimum standards for agro-chemicals established by the Tea Research Institute and the Rubber Research Institute. Our goal is to meet globally accepted sustainable Agriculture standards.

KVPL has an Integrated Pest Management (IPM) plan that advocates for the use of physical, cultural, and biological control methods for pest management. Pesticides are only utilized at economic threshold levels. Following Rainforest Alliance and Forest Stewardship Council certification guidelines, Environment and Social Risk Assessments (ESRAs) have been conducted for all highly Hazardous Pesticides. Suitable mitigation methods are implemented to minimize damage to natural ecosystems, wildlife, and human health.

Annually, Occupational Health and Safety training programs are conducted for all agro-chemical sprayers, storekeepers, and relevant HR and Health staff by qualified experts to raise awareness regarding safe chemical handling.

Energy Management



GRI 3.3

Tea processing stands as a notably energy-intensive sector, prompting KVPL to adopt a proactive approach to energy management. Our strategy focuses on reducing consumption while simultaneously harnessing renewable energy wherever feasible. This commitment to renewables is underscored by their environmental benefits, especially when contrasted with the adverse impacts of greenhouse gas emissions associated with conventional energy sources.

Our journey towards renewable energy commenced with the establishment of hydro plants on our properties. Subsequently, we diversified our energy portfolio to include biomass and solar power, as elaborated in table below.

The imperative for energy conservation and the pursuit of renewable sources cannot be overstated, given their significance for both the planet and its inhabitants. The energy crisis of 2022 served as a stark reminder of the pressing need for alternative energy solutions, particularly in nations like Sri Lanka.

KVPL's renewable energy initiatives include the generation of hydropower, solar power, and biomass energy.

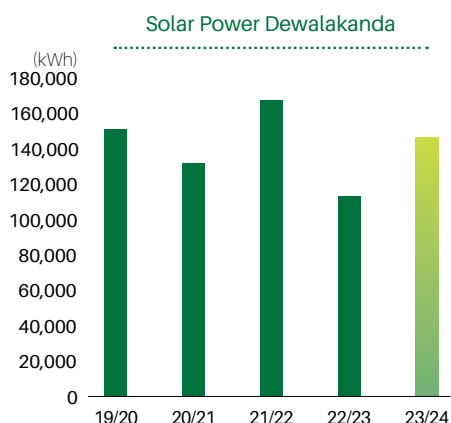
KVPL harnesses the natural resources available on its estates in Glassaugh, Kalupahana, and Battalagalla by utilizing water streams and strong currents to generate power. This generated power is then supplied to the national grid operated by the Ceylon Electricity Board (C.E.B). In addition to those listed below there are also several smaller hydro-power generation units on our Tillyrie, Glassaugh and Uda Radella estates from which the power generated is consumed by factories.

Hydro Power Generation on our estates	2023/24 Units (kWh)	2022/23 Units (kWh)
Kalupahana	2,148,040	2,450,571
Glassaugh	4,964,061	4,556,688
Battalgalla	188,955	283,983
Uda Radella	15,922	39,419
Total	7,316,978	7,330,661



Solar Power projects

- Devalakanda Solar project commenced in 2018 and its generation to date: **825,739 Units**
- Generation in the last financial year: **146,605 Units**



Solar Projects in progress

- KVPL's Panawatte Solar power generation project is currently underway with the installation of the drying towers to be completed.
- The roof strengthening of KVPL's Regional Office at Dickoya for the installation of Solar panels is to begin in this year in order to install solar panels next year
- Solar panels to be installed at our Ingestre Tea Processing center have been procured whilst the strengthening of the roof is to begin this year.



Panawatte Solar power generation project

Bio Mass

As of today, KVPL relies on biomass boilers to fulfill 95% of the energy needs for its tea drying and withering processes. These biomass boilers are fueled by non-viable rubber wood sourced from the Company's own rubber plantations. To ensure a consistent supply of wood, KVPL undertakes the planting of new fuelwood plots. Moreover, the Company maintains three plant nurseries dedicated to cultivating fuelwood plants, further ensuring a steady and sustainable source of biomass fuel.



Fuelwood plant nursery established at Urumiwell estate

Energy Consumption within the Organisation



GRI 302-1

Energy Source	Amount (GJ)		
	2023/24	2022/23	2021/22
Total Diesel Usage	13,234	13,995	12,117
Total Petrol Usage	2,346	2,062	2,004
Firewood	118,554	112,061	122,194
LP Gas	364	297	384
Total energy consumption from direct energy sources (GJ)	134,497	128,416	136,699

Natural Capital

Sri Lankan Leopard

Panthera pardus

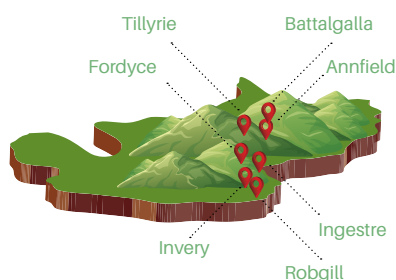


SCAN ME!



The identification name of the male leopard in the image recorded on January 2022: "QT"

The Sri Lankan leopard, scientifically known as *Panthera pardus kotiya* is native to Sri Lanka. It is a threatened species to Sri Lanka and to the world. The one captured in the below photograph was recorded at Robgill estate of KVPL through night vision cameras. The species was also recorded in the estates shown in the below map. **Below estates are also in partnership for conserving and maintaining the Elbedda ridge nature corridor for leopards in collaboration with WWCT** (Wilderness & Wildlife Conservation Trust).

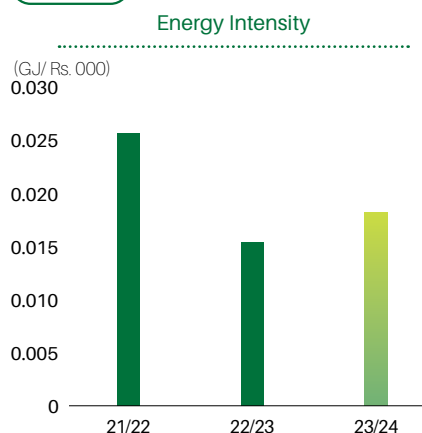


Location	Amount of electricity energy consumed	
	2023/24	2022/23
Factory	19,965	18167
Office	498	148
Bungalow(s)	1,059	541
Quarters	180	1215
Others	228	494
Total energy consumption from indirect energy sources (GJ)	21,931	20,565

Energy Source	Amount of electricity energy consumed		
	2023/24	2022/23	2021/22
Total non-renewable energy usage (GJ)	15,944	16,355	14,505
Total renewable energy usage (GJ)	118,554	112,061	122,194

Energy Intensity

GRI 302-3



Reducing Energy Consumption

GRI 302-4

KVPL prioritizes the use of LED bulbs for their lower energy consumption compared to traditional bulbs. Additionally, the Company invests in energy-efficient machinery and equipment such as capacity banks and Variable Frequency Drives (VFD) in factories to further conserve energy. These initiatives, coupled with our broader conservation efforts, contribute to our overall energy-saving endeavors.

Energy Source	Amount (GJ)		Energy Reduction
	2023/24	2022/23	
Total Diesel Usage	13,234	13,995	762 ▼
Total Petrol Usage	2,346	2,062	-284 ▲
Firewood	118,554	112,061	-6,493 ▲
LP Gas	364	297	-66 ▲
Electricity	21,931	20,565	-1,366 ▲

GRI 302-5

As per the context of our product profile, KVPL has limited opportunities to reduction in energy requirements of products and services.

Water and Effluents



GRI 3-3, 13.7, 303-1

Given KVPL's significant water needs as an Agricultural enterprise, primarily reliant on natural surface water sources and rainfall; the Company has implemented various measures to regulate usage wherever feasible. In line with our commitment to reducing water consumption by a minimum of 2% annually, water usage is meticulously monitored and documented at Rainforest Alliance (RA) certified tea processing center, with the aim of curbing the estate-level water footprints.

Our efforts to improve water quality include :

- Ongoing maintenance of the water distribution network, a process that has led to the establishment of vegetation barriers and chemical free buffer zones around water sources
- Installation of waste water treatment tanks at appropriate locations to prevent waste water seepage into water bodies
- Ongoing maintenance of water distribution system to ensure its efficacy and integrity
- Prompt corrective action if water quality falls below prescribed standards
- Prohibition of locating septic tanks in flood prone areas
- Regular laboratory tests conducted by independent entities to verify the quality of drinking water across our estates
- Assessing the efficiency of waste water filtration through laboratory tests on soak pits facilitating the identification of any shortcoming to take prompt remedial action



Micro watershed protection at Lovers Leap Division, Pedro estate in collaboration with Kirin Beverages and PHDT

As stewards of vast ecosystems rich in flora and fauna, KVPL recognizes the critical importance of preserving vital watershed areas. Consequently, the Company has formulated a comprehensive policy for watershed management, aimed at safeguarding all watershed and water resources within its land holdings. To achieve this objective, KVPL strictly adheres to protocols mandating chemical-free buffer zones and vegetation barriers around water sources. Additionally, soak pits have been installed across all estates to mitigate water pollution arising from community activities.

In our commitment to preserving water quality across our estates, we prioritize various initiatives. This includes the preservation of riverine forests, the establishment of water purification and distribution plants, and collaboration with external volunteer programs such as the Kelani Valley Protectors' Initiative. Through this partnership with the International Union for Conservation of Nature (IUCN), we actively contribute to the "Surakimu Ganga" project, aimed at cleaning and safeguarding the Kelani Valley river basin, in alignment with Government efforts.

Furthermore, our engagement extends to international platforms, as evidenced by our participation in initiatives like the CEO Water Mandate and our adherence to Rainforest Alliance and Forest Stewardship Council standards. Notably, KVPL took a pioneering step by becoming the first Regional Plantation Company (RPC) to sign the CEO Water Mandate in 2009, underscoring our commitment to responsible water stewardship at the highest level.

Water Withdrawal by Source

GRI 303-3, 303-5

Being a plantation company, KVPL relies on natural surface water for its manufacturing processes and other operational needs.

Surface water withdrawal	72,385,490 L
Water Consumption for Agriculture	
Monthly Average rainfall	327 mm
Number of wet days	189

Natural Capital

Effluent Management

GRI 303-2

In response to the growing concern over effluence and waste management in the rubber industry, KVPL has equipped its rubber processing facilities with effluence treatment plants approved by the Central Environmental Authority (CEA).

GRI 303-4

Water treated by effluent treatment plants :

42,967,320 ltrs

Water Discharge through the saok pits :

8,096,354 ltrs

Biodiversity and Habitat Conservation

GRI 3-3, 13.3, 13.4, 304-1, 304-2, 304-3

KVPL's commitment to Biodiversity conservation has resulted in groundbreaking initiatives poised to set new standards in Sri Lanka. These endeavors include the Halgolla Research Tourism project, the agroforestry project at Halgolla estate, the Kelani Valley Protectors Initiative in the We Oya catchment area, and the Ellabedda Ridge Corridor project in the Hatton region. Detailed information of these projects under Biodiversity conservation can be found on pages 133, 134 and 142.

Operational sites owned, leased managed or adjacent to protected areas and areas of high bio diversity value outside protected areas

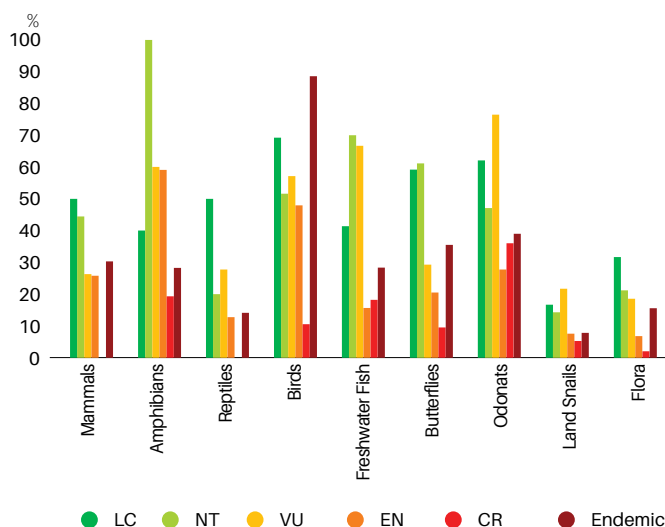
Conservation Area (ha)	
Forest	1,501.61
Marsh Land	180.09
Rock Area	266.93
Watersheds	83.10
River/water sources and relevant land area	15.95
Total (ha)	2,047.68



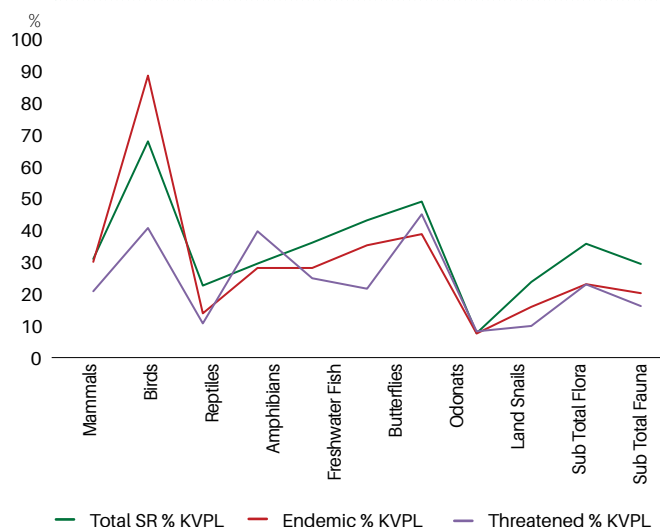
GRI 304-4

IUCN Red List species and national conservation list species with habitats in areas affected by operations

KVPL PLC Contribution to National Biodiversity Grid



Proportion of Total Species Richness, Endemic taxa and Threatened taxa of KVPL with respect to the national grid



Sri Lanka blue magpie

Urocissa ornata



A globally threatened species endemic to Sri Lanka. Found at Halgolla and Kitulgala estates.



Soil Conservation

GRI 13.5

As an Agricultural enterprise, KVPL recognizes the paramount importance of preserving and enhancing the soil from which we derive our livelihood. Our commitment to soil conservation encompasses several key practices :

- We implement crop rotation strategies to mitigate environmental impact and maintain soil fertility
- We prioritize the planting of cover crops to protect the soil from erosion and improve its overall health
- We strive to minimize the use of chemicals, opting for sustainable agricultural practices that promote soil biodiversity and long-term viability

KVPL employs ground cover management techniques to mitigate the evaporation of rainwater from soil. These methods encompass:

- Burying pruned litter along Tea inter-rows to retain rainwater in the soil for over two years
- Mulching tea inter-rows with appropriate thatching material or shade loppings to minimize evaporation
- Implementing proper tea bush management through suitable pruning practices
- Incorporating organic matter like compost, weed compost, and Refuse Tea to enhance soil moisture retention
- Introducing cover crops and regularly cutting them back to ground level before drought onset
- Allowing soft leaves to remain on the ground to serve as natural ground cover
- Engaging in soil rehabilitation efforts to improve water retention ground surfaces, particularly crucial during drought conditions

Preventing Erosion:

KVPL addresses soil erosion through a range of soil measuring and mitigation strategies. These include:

- Thorough land preparation prior to tea planting and forking of mature tea fields to enhance soil looseness and reduce bulk density, thereby improving water retention capacity.
- Implementation of both on-farm and off-farm soil conservation practices. This involves the construction of “lock and spill” type lateral drains equipped with slit/reverse slopes along contour lines. These drains serve to retain a significant volume of water while simultaneously capturing soil washed down by runoff during rainfall events. This approach facilitates gradual water absorption into the soil, aiding in erosion prevention and soil conservation

Emissions

GRI 3-3

Quantification of our Carbon Emissions

KVPL has calculated the carbon footprint of the organization, encompassing the activities across 25 estates located in the Nuwara Eliya, Hatton, and Yatiyantota regions. The quantification includes all emissions from scope 1, 2 and 3.

Scope 1 & 2 cover direct emissions on site & emissions from purchased electricity whilst Scope 3 covers indirect emissions of company's value chain consisting of both its upstream and downstream activities. The report is prepared internally and independently verified by the Sri Lanka Climate fund to confirm its alignment with the ISO 14064-1:2018 Greenhouse Gas Verification Standard. Equipped with this comprehensive evaluation, we are able to enact targeted measures aimed at reducing greenhouse gas emissions and promoting sustainability across all facets of our operations. By leveraging this data-driven approach, we are committed to fostering environmental stewardship and making meaningful contributions to sustainability across our operations.



Natural Capital



GHG Emissions (tCO₂e)

Direct (SCOPE 1) GHG emissions, Energy indirect (scope 2) GHG emissions, other indirect (Scope 3), GHG emissions, Reduction of GHG emissions.

GRI 13-1, 305-1, 305-2, 305-3, 305-5

Scope	2023/24	2022/23	Reduction of GHG emissions (tCO ₂ e)
Direct (Scope 1) GHG Emissions	6,384	5,785	599
Energy indirect (Scope 2) GHG Emissions	2,606	3,016	(410)
Other indirect (Scope 3) GHG emissions	998	824	174
Total GHG emissions	9,988	9,624	363

Emission Sources:

Scope 1: Stationary combustion, Mobile combustion, Fugitive emissions arise from the release of GHGs in anthropogenic systems,

Scope 2: Indirect GHG emissions from imported energy

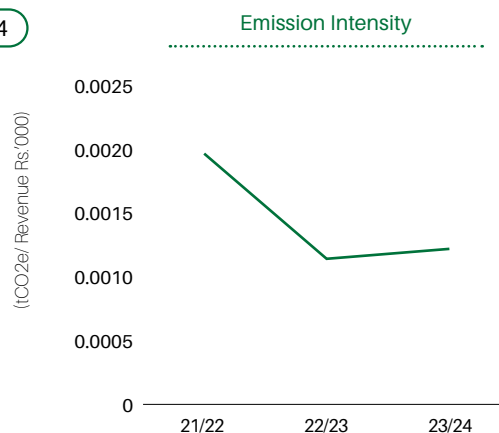
Scope 3: Indirect GHG emissions from transportation, Indirect GHG emissions from product used by the organization, Indirect emissions from other sources

Category wise emission as per the ISO 14064-1:2018 standard

Emission Source	Total (tCO ₂ e)	Emission Source	Total (tCO ₂ e)
Total Direct Emission (Round-up)	6,384	CO ₂ fire extinguishers	0
Category 1: Direct GHG emissions in tonnes CO₂e	6,383	Total Indirect Emission (Round-up)	3,604
1.1 Direct emission from stationary combustion	1,469	Indirect GHG emissions in tonnes CO ₂ e	3,604
Generators - Diesel	60	Category 2: Indirect GHG emissions from imported energy	2,606
Generators - Petrol	19	Grid Electricity	2,606
Firewood cutting - Chainsaw machine - Petrol	6	Category 3: Indirect GHG emissions from transportation	91
Boilers - Firewood	1,360	Hired JCB - Diesel	35
LPG Consumption	24	Hired Vehicles - Diesel	52
1.2 Direct emission from mobile combustion	998	Hired Vehicles - Petrol	3
Road Transport - Diesel	495	Category 4: Indirect GHG emissions from product used by the organization	655
Road Transport - Petrol	68	Waste disposal emissions	
Off-road Vehicles - Diesel	357	N ₂ O emissions from Nitrogen Volatilization	202
Off-road Agricultural Machineries - Petrol	78	N ₂ O emissions from Nitrogen leaching & run-off	454
1.4 Direct fugitive emissions arise from the release of GHGs in anthropogenic systems	3,917	Category 6: Indirect emissions from other sources	251
CO ₂ emission from Urea application	735	Transmission & Distribution Loss	251
CO ₂ emission from Dolomite application	707	Total emissions in tones CO₂e	9,988
N ₂ O emissions from Nitrogenous Fertilizers	2,017		
Waste Water Treatment	458		

GHG emissions intensity

GRI 305-4



GRI 305-6, 305-7

It should be noted that KVPL's operations are not responsible for the release of any Ozone depleting substances, while NOx and SOx gases produced through our daily operations and community households too are negligible.

Our projects which target reductions in GHG emission;

- Reforestation
- Solar power projects
- Hydro power projects



Waste Management

GRI 3-3, 13.8, 306-1, 306-2

As part of KVPL's integrated waste management programme, both employees and estate communities are actively encouraged to engage in waste segregation, collection, and composting practices for bio-degradable waste. Moreover, empty chemical containers utilized in estates undergo recycling processes to minimize environmental impact. To foster a culture of eco-friendliness, KVPL conducts regular training and awareness programs among its employees, promoting sustainable practices and highlighting the importance of environmental conservation.

Rain guard polythene recycling quantity in last FY
7,500 kg



Waste type and disposal method:

GRI 306-3, 306-4, 306-5

Waste generated by KVPL estates 2023/24 and their disposal method :

Type of waste (nonhazardous)	Weight Kgs	Disposal method
Bio-degradable waste	1,075	○ Composting and Dumping
Non-bio degradable waste		
Glass	1,356	○ Onsite storage
Paper	363	○ Recycling and Dumping
Polythene	5,352	○ Dumping
Plastic	3,098	○ Recycling and Dumping
Hazardous waste		
E-waste	172	○ On site storage and Recycling
Bulbs	86	○ On site storage
Empty chemical cans	657	○ Recycling
Batteries	23	○ On site storage
Medical Waste	16	○ Incineration

Non Compliance with environmental laws and regulations

KVPL remained steadfast in its adherence to all relevant environmental laws and regulations and thus did not incur any fines or penalties for non-compliance throughout the reporting period.

Bolstering our Climate Resilience

GOVERNANCE

The Company's Governance of climate-related risks and opportunities

At KVPL, Board member and the Director/CEO has the responsibility to oversee and ensure the implementation of the Company's ESG Framework, which is aligned with our business priorities of creating economic value and generating social and environmental wellbeing for our stakeholders. We established an ESG Steering Committee with board representation by our company's CEO, and comprising company's CFO, Sustainability Head, Heads of other Departments, and the Sustainability team which includes representatives from, Finance, HR, Procurement, Marketing, Certification and Sustainability and IT. The ESG Committee reviews climate change-related issues, as well as risks and opportunities thus defining and integrating its environmental and social goals, objectives and strategies into our corporate strategy. Meanwhile, an ESG Committee at the Hayleys Plantations Sector level also identify industry issues that are generic to all of the Group's plantation sector entities, thereby ensuring that a consistent approach is adopted across the Group.

STRATEGY & RISK MANAGEMENT

Assessing the Materiality of Climate Related risks

We evaluate both physical and transitional risks and opportunities in alignment with TCFD recommendations, employing a structured five-step method.

KVPL began by identifying and understanding the potential climate-related risks that could impact its financial performance and position. Such as those that could influence our energy consumption and associated emissions under different scenarios. These included factors such as changes in energy prices, regulatory developments such as Carbon pricing mechanisms renewable energy mandates technological advancements and market dynamics (shifts in consumer preferences changes in energy supply).

We then evaluated the likelihood and potential magnitude of these risks, considering both physical risks (such as extreme weather events, sea-level rise, etc.) and transition risks (such as policy changes, market shifts, technological advancements, etc.).

We subsequently, prioritised risks based on their materiality to the organization, considering factors like financial impact, strategic importance, regulatory requirements, and stakeholder expectations.

Identifying & Defining Scenarios

As a first-time adopter of the SLFRS S1 and S2 Standards, KVPL adopted a climate-first approach to the new standards in line with the transitional relief allowed. In line with the approach of the Hayleys Group, the Company also initiated qualitative scenario analysis. We used three-time horizons containing three different scenarios, which help us to understand the potential impact of climate-related risks and opportunities on our business. These scenarios were defined based on global reference scenarios which were localized and subsequently adapted to our industry.

Based on the identified key factors, we developed a range of plausible scenarios which help us to understand the potential impact of climate-related risks and opportunities on our business.

KVPL/Hayleys Scenarios	Reference global scenarios		Local context	Assumptions
	IPCC AR 6	IEA 2023		
Scenario A- Net Zero	C3/SSP 1-2.6	Net Zero Emission (NZE) Scenario	Climate Prosperity Plan (CPP)	<ul style="list-style-type: none"> ● Sri Lanka meets its conditional and unconditional NDC commitments achieving rapid decarbonisation of energy systems and technically, socially and financially feasible transition plans. ● Significant reduction in the demand for fossil fuels and pricing strategies for fuel which in turn leads to steep declines in emissions
Scenario B-Current pathway	C6/SSP 2-4.5	Announced Pledges Scenario (APS)	Nationally Determined Contributions (NDC) scenario	<ul style="list-style-type: none"> ● The country meets its unconditional NDC commitments, meetings its adaptation ambitions and sectoral reduction targets ● Limited external investments in technology and funding to drive the transition to low carbon ● Average temperatures expected to increase by approximately 2.50 °C
Scenario C-Divergence	C7/SSP 3-7.0	Stated Policies Scenario (STEPS)	Business as usual (BAU)	<ul style="list-style-type: none"> ● Global and local implementation gap to achieve decarbonisation goals with significant weather-related impacts on businesses and communities ● No specific climate related interventions and represents a continuation of the current trajectory

Evaluation of Risks & Opportunities

We first evaluated the potential impacts of each scenario on the selected climate related physical and transitional risks, and then followed with an evaluation of the impacts on Revenue, Operating costs, Supply chain, Input costs, and Business continuity as is recommended by the TCFD guidance

The below table summarizes the identified climate related physical and transitional risk and results of the impact evaluation.

Scenario	Scenario A- Net Zero	Scenario B-Current pathway	Scenario C-Divergence
Climate Related Risk			
Physical			
Agriculture crop/ production	<p>If all other variables remain constant, plantation crop yield will be optimum. This optimization will not only reduce costs but also boost revenue. Whilst competitiveness in the supply chain may decrease in terms of environmental recognition it will increase with a focus on quality on</p> <p>There will be a high demand for food and nonalcoholic beverages derived from environmentally sustainable practices and the brands would have reduced GHG emissions.</p> <p>The need for sustainable/ environmental friendly inputs for Agriculture, will increase input costs.</p> <p>Business continuity will be bolstered due to high business reputation and attraction of new customers.</p>	<p>A gradual drop in Agriculture crop and the yield will lead to a gradual increase in Operational costs and a decrease in Revenue.</p> <p>The increase in the competitiveness of the supply chain up to certain levels as suppliers try to supply to the environmental friendly manufacture.</p> <p>The Input cost of agricultural crops will be increased due to the need to add more inputs to increase crop.</p> <p>There will be a risk to business continuity due to the lack of crops.</p>	<p>The crop will reduce significantly, Causing a reduction in volumes and revenue while operating costs will escalate due to low yields. Supply chain disruptions due to supply shortages</p> <p>Input cost will increase significantly, due to the need for more inputs to bridge crop loss.</p> <p>There will be high business risk due to significant reduction of crop.</p>
Extreme climate risk events	<p>The occurrence of extreme climate events will be limited, thereby minimising impact on crops and yields.</p> <p>Supply chain will run smoothly due to positive climate conditions and the availability of resources.</p> <p>The business will hence run smoothly without operational disruptions due to resource availability.</p>	<p>Revenue will be reduced due to the crop loss in terms of bad weather conditions.</p> <p>Operational cost will increase as there will be more expenditure on recovering the damage of climate events.</p> <p>Supply chain will be disrupted due to extreme climate events.</p> <p>Input cost will be increased as more agriculture inputs will be used to gain extra crop.</p> <p>There will be a risk to business continuity due to extreme climate events.</p>	<p>Revenue will be reduced drastically due to the crop loss in terms of bad weather conditions.</p> <p>Operational cost will increase significantly mainly due to high input cost.</p> <p>Extreme climate events will cause supply chain disruptions and inconsistencies.</p> <p>There will be a significant risk to business continuity due to extreme climate events.</p>

Bolstering our Climate Resilience

Scenario	Scenario A- Net Zero	Scenario B-Current pathway	Scenario C-Divergence
Climate Related Risk			
Transitional			
Market changes	<p>Due to the shift to sustainable produce, customers also will align with this change and hence Company Revenue will increase as crop/quantity will increase due to environmentally friendly practices.</p> <p>Increase in crop will reduce operational costs and required input will be readily available in the market and business's alignment with this market changes will enable its smooth running.</p> <p>Significant opportunities to leverage the Company's sustainability proposition to access new markets.</p>	<p>There will be different marketing demands in terms of environment friendly business operations. Revenue will bolstered by supply of sustainable products.</p> <p>Operational cost will increase due to adaptation to new market requirements aligned with environment sustainability.</p> <p>Supply chain competitiveness will increased due demand for environmental friendly products.</p> <p>Input cost will be increased due to implication of sustainable raw materials.</p> <p>There will be no significant impact on business continuity.</p>	<p>The demand for innovative products will rise and hence operational cost will be increase to meet these market demands whilst Revenue will gradually increase with this higher demand for innovative products.</p> <p>Different supply chains will be created in alignment with the market changes.</p> <p>The business will be able to sustain itself it is able to meet the demand for these innovative products in the way they are demanded, if the innovative products are supplied according to the demand.</p>

Developed Response Strategies

Based on the insights gained from scenario analysis, we developed response strategies to manage risks our strategies include the following :

- Climate resilient Agriculture solutions
- Crop diversification to limit reliance on one crop
- Targets and Goals to KVPL's ESG set to Steering committee – SDG goal operational KPI, evaluation in every Q against achievement vs target
- Committed to SBTi and take the science based approach to become net zero by 2050- task verification
- Continue to invest in energy efficiency measures and renewable energy projects to reduce emissions and lower energy costs
- Expedite the initiatives on ecosystem and Biodiversity conservation
- Extensive knowledge sharing as a strategy to combat and minimize through knowledge sharing amongst communities and school children
- Awareness generation and promoting the participation of school children in climate action -whether kids
- Enhance disclosure and transparency around all 3 Scopes of emissions and related risks in financial reports and sustainability disclosure
- Enrichment of catchment area and water shed management within our plantation landscape by leading the national projects such as National Surakimu Gnaga Programme
- Expanded the partnership and collaboration with all local and International expert partners to establish a transparent framework to achieve set goals.Chair and active participation in UNGC water and ocean stewardship working group

We Can Should Will

Foster a harmonious coexistence



Creating a working environment that supports and builds the future
of each individual, in sync with our objectives

Corporate Governance



STATEMENT FROM THE CHAIRMAN ON CORPORATE GOVERNANCE

Good corporate governance is a vital element that contributes to the long-term growth and sustainability of KVPL. We strive to emulate good governance practices in all our day-to-day activities vis-à-vis strategies and procedures to facilitate good ethical behavior and a sound ethical culture. Our Corporate Governance framework consists of strong business principles, sound policies and procedures, underpinned by an efficient monitoring mechanism, where The Board of Directors stands as the apex governing body.

The Board consists of a diverse mix of individuals drawn from various disciplines. Their collective experience and varied perspectives have enabled the Company to implement strategic initiatives to enhance performance of KVPL, to overcome numerous sector-specific business challenges that we had to face in the period under review.

Our governance framework is geared to strengthen the roles and responsibilities of the Board of Directors of the Group, ensure transparency and accountability and reinforce our commitment to provide sustainable returns for the benefit of all internal and external stakeholders, even in challenging circumstances. Our Code of Conduct and Business Governance offers direction for all the employees across the organization, where we continually stress on the values of good governance, honesty, integrity and fairness.

This section of the Annual Report seeks to demonstrate KVPL's governance framework in action and its correlation to the regulatory framework applicable to our business. Accordingly, our business principles reflect the standards set out to ensure that we operate lawfully and comply with all mandatory requirements including the Companies Act, No. 07 of 2007 and the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka and Section 9 of the Listing Rules of the Securities and Exchange Commission of Sri Lanka and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

We hope that this brief message will be of value to you in assessing how the regulatory requirements and best practices are being put into action across KVPL.

I assure you that we make every effort to continuously improve our Corporate Governance practices by complying with the relevant regulatory and governance framework to achieve ethical and stewardship obligations, while supporting the creation of long-term sustainable stakeholder value.

As required in the above Code, I together with the Board of Directors hereby confirm that, we are not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics as the case maybe by any Director or any member of the Corporate Management of KVPL.

A. M. Pandithage
Chairman

“Corporate Governance mainly focus on ensuring transparency, integrity, reputation, accountability towards stakeholders & creating sustainable businesses.”

Corporate Governance is the system of rules, practices and processes by which an organisation is directed, controlled and managed. The Framework guides an organisation and drives it towards progress by developing and implementing appropriate corporate strategies. In our pursuit of corporate objectives, we have committed to the highest level of governance and strive to foster a culture that helps build an environment of trust, transparency and accountability required for fostering long-term investment, financial stability, business ethics, stronger growth and more inclusive societies.

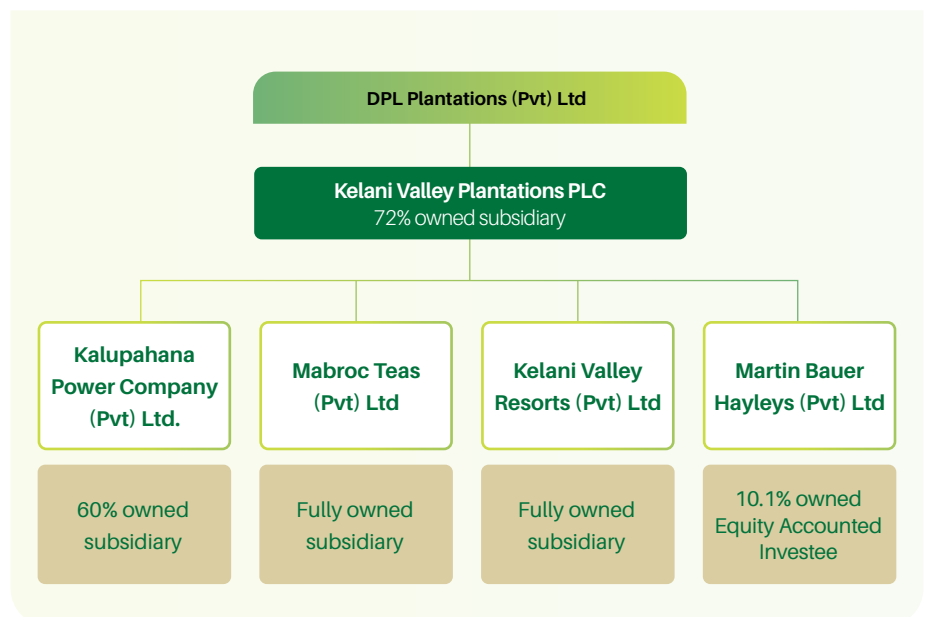
The Corporate Governance Framework at Kelani Valley Plantations PLC (KVPL) plays a vital role in order to achieve sustainable growth.

KVPL confirms that it is fully compliant with all the mandatory provisions of the Companies Act, Listing Rules of the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission of Sri Lanka Act (SEC) and all other legislation and rules applicable to the businesses of the Company. Further, the Company's practices are in line with the Code of Best Practices on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL).

Ownership

Kelani Valley Plantations PLC is a member of the Hayleys Group and a subsidiary of DPL Plantations (Pvt) Ltd. (DPLP), which is a fully owned subsidiary of Dipped Products PLC (DPL), a leading manufacturer of hand-protection wear in the world. Mabroc Teas (Pvt) Ltd. (MTPL) and Kelani Valley Resorts (Pvt) Ltd. (KVR) are fully owned subsidiaries of KVPL. Mabroc Teas (Pvt) Ltd. is one of Sri Lanka's leading Tea exporters supplying a wide range of teas to the global markets. Kelani Valley Resorts (Pvt) Ltd. operates the Oliphant Boutique Bungalow which is managed by Hayleys Leisure PLC.

In association with Eco-Power (Pvt) Ltd., KVPL established Kalupahana Power Company (Pvt) Ltd., in 2003, contributing 1 Mw of electricity through its mini-hydro plant. 60% of Kalupahana Power Company (Pvt) Ltd. (KPC) is owned by KVPL. Martin Bauer Hayleys (Pvt) Ltd. is an equity accounted investee of KVPL and has a 10.1% of ownership.



Corporate Governance

These guidelines, which are updated periodically, outline matters that require Board and Committee approval, advice or review. The Company adopts the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) which has been recommended for adoption by listed companies by the CSE. In addition to the Listing Rules, the Code is used as a guideline to determine operational structures and processes that exemplify good Governance practices across the business.

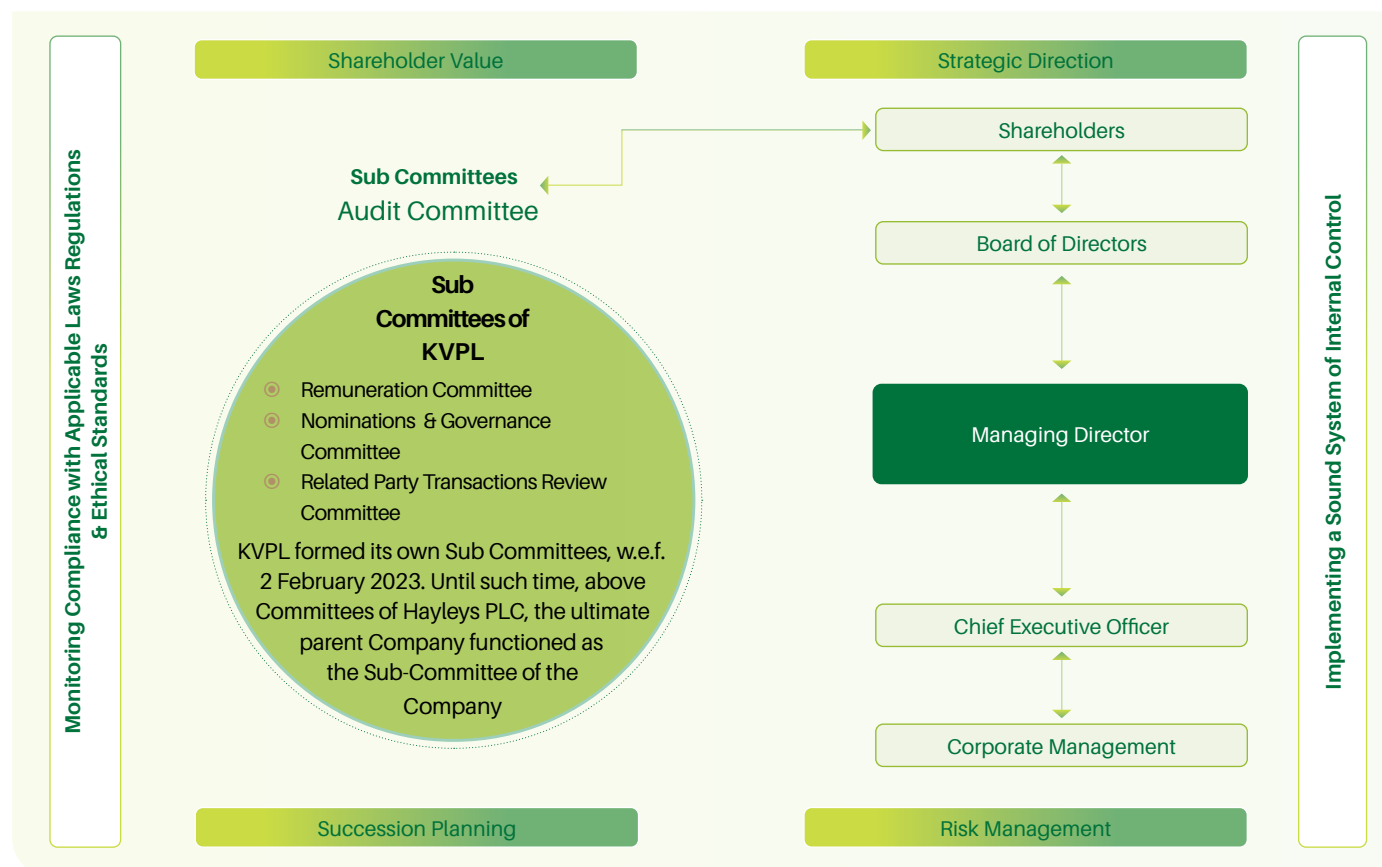
The names of the Board of Directors and their attendance at meetings

Name of Director	Board Meetings
Mr. A M Pandithage – Chairman*	4/4
Mr. W G R Rajadurai - Managing Director*	4/4
Mr. A Weerakoon - Chief Executive Officer*	4/4
Mr. S C Ganegoda**	4/4
Mr. F Mohideen**	4/4
Mr. C V Cabraal**	4/4
Mr. N Ekanayake***	4/4
Mr. M C B Talwatte*** (Appointed on 03.01.2024)	2/2
Mrs. S Amarasekera PC*** (Appointed on 03.01.2024)	2/2
Mr. S P Peiris** (Appointed on 03.01.2024)	2/2

*Executive Director, ** Non-Executive, *** Independent Non-Executive

Corporate Governance Framework

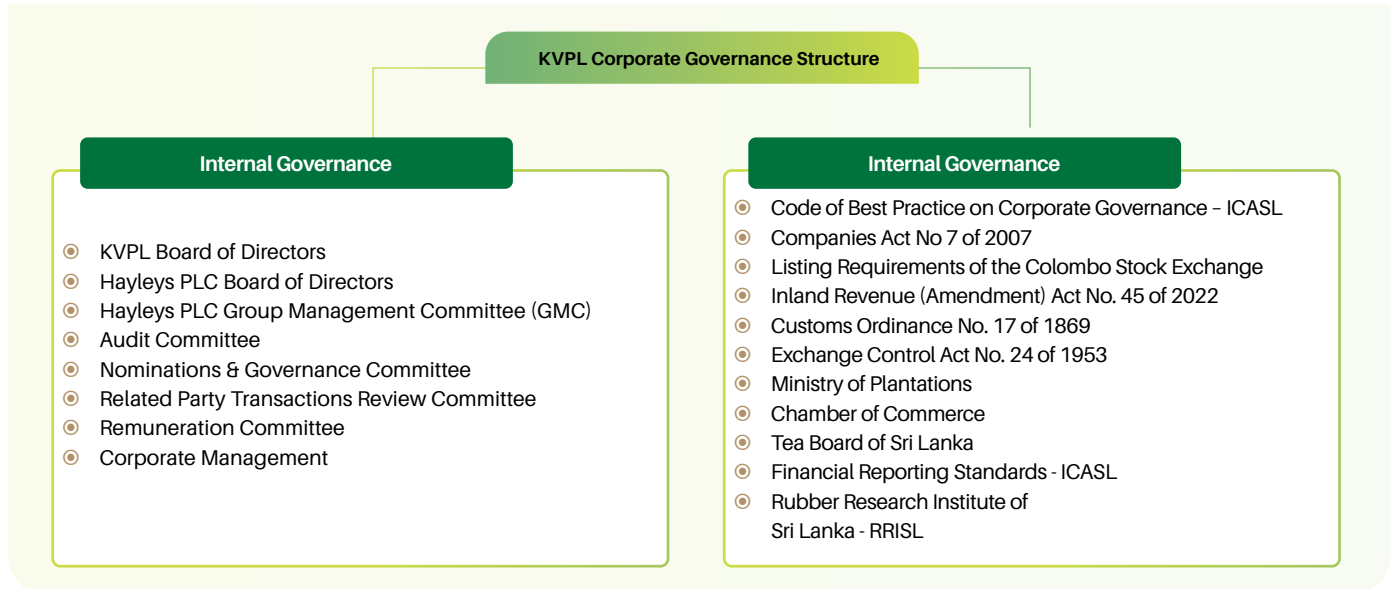
KVPL Governance guidelines provide Directors and the management with a road map of their respective responsibilities. The Governance Framework of KVPL is depicted as follows;



GRI 2-9, 2-10, 2-11

Corporate Governance Structure

KVPL Group Governance structure comprises of two levels,



GRI 2-9

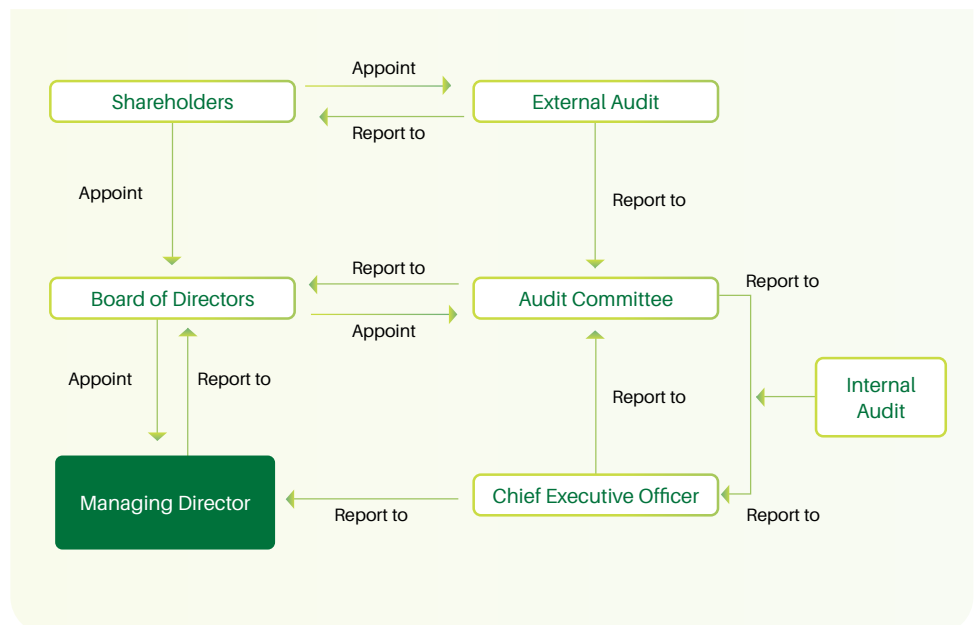
Internal Governance Structure

Internal controls are established with an emphasis on safeguarding assets, making available accurate and timely information and enforcing greater discipline on decision making. This section details the components that are embedded within the Company, and as a result, have an impact on the execution, and monitoring of all Governance related initiatives, systems and processes. The Internal Governance Structure encompasses:

- The Board of Directors
- Board Sub Committees
- The Combined Role of the Chairman-CEO
- Group Management Committee and other Management Committees
- Employee Empowerment

The above components are strengthened and complemented by internal policies, processes and procedures such as strategy formulation and decision making, human resource Governance, Integrated Risk Management, IT Governance, Stakeholder Management, and effective communication.

The policies and procedures established under the guidance of KVPL's Board of Directors support an effective and efficient decision making process that helps the Company to meet Corporate Governance Standards. It includes the roles various stakeholders play in achieving the organisation's goals.



Corporate Governance

GRI 2-13

Corporate Management Team

Comprising the Managing Director, Director/CEO and the Senior Management team, the Corporate Management team are responsible for formulating, obtaining Board approval and implementing strategic imperatives within the policy framework established by the KVPL Board. The Management Committee is tasked with reviewing the annual budget, operational targets, review of monthly performance against budget and capital expenditure proposals prior to making recommendations to the Board.

The Audit Committee and the Corporate Management team are jointly responsible for reviewing and managing risks and designing internal control systems to safeguard Company assets, ensure an accurate and reliable system of record keeping and the timely dissemination of critical management information.

Corporate Management

The Board has authorised the Managing Director (MD) to be the primary authority responsible for the implementation of policies and achievement of strategic objectives of the Company. The MD is expected to exercise this authority within the policy framework established by the Board and the ethical framework and business practices intrinsic to the Company, which stipulates that the MD should comply with best practices when dealing with employees, customers, suppliers and the community at large.

The MD is also entrusted with optimising the use of Company's resources and implementing financial strategies outlined in the annual corporate plan and budget. In doing so, the MD should employ a continuous planning process with the active involvement of all executives. A system of regular review of operations is also in place to ensure close monitoring of performance and prompt corrective action is deployed where necessary.

Monthly Review Committees

Meeting of Finance, Corporate Communications and HR Clusters of the Hayleys Group bring together representatives from different sectors of the

Group to communicate relevant matters, areas of special interests and concerns, and share best practices. KVPL's MD is a member of the Hayleys Group Management Committee (GMC) and expected to participate in all monthly review meetings. A monthly meeting chaired by the Chairman of Hayleys PLC brings together all GMC members representing different sectors of Hayleys Group. This provides a platform for the Group to review sector performance, formulate policy, communicate sector relevant matters, areas of special interests and concerns and share best practices.

The Director Finance of the Company reports to the Hayleys Group CFO on a quarterly basis on any significant risks or concerns affecting the business activities of KVPL and the financials pertaining to the same. This reporting process may be more frequent if warranted. Further, The CFO's forum of the Hayleys Group enables relevant matters to be debated among the CFOs of the Hayleys Group in order to safeguard the interests of the Group.

Executive management meetings are held with the participation of the MD, CEO and all other Heads of Departments, to discuss the performance, new initiatives, problems and strategies amongst others. These meetings facilitate a brainstorming session where matters such as KVPL's performance, growth, Governance and administration are reviewed.

Both the Director Plantations Up Country and Low Country conduct review meetings at a Regional level, to assess estate-level performance and discuss issues, strategies and initiatives needed at this level. This process also functions as an effective communication channel between estate level management and the corporate management. The decisions taken at these meetings are tabled and reported to Head Office.

External Governance Structure

KVPL adheres to the regulations, Codes and Best Practices adopted by different governing bodies.

- Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Code of Best Practice on Corporate

Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

- Inland Revenue (Amendment) Act No. 45 of 2022
- Customs Ordinance
- Exchange Control Act
- Tea Board of Sri Lanka
- Chamber of Commerce
- Ministry of Plantations
- Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka

Internal Audit and Control

The Board jointly with the management is responsible for the Company's internal controls and their effectiveness. Internal controls are established with emphasis on safeguarding assets, making available accurate and timely information and enforcing greater discipline on decision making. The internal audit and control function is a comprehensive mechanism that covers all financial, operational and compliance controls, and Risk Management Systems. However, it is important to note that any system can be expected to provide only reasonable, but not absolute assurance that errors and irregularities are detected and prevented within a reasonable time.

Information Technology (IT) Governance

KVPL's investment in IT covers resources operated and managed centrally as well as those resources deployed on many estates where accounts are prepared using a computerized accounting package. The Company's IT resources therefore comprise Computerized Accounting packages, utility software and networking facilities used at Head Office, including internet and relevant devices which are used to interconnect Head Office with estates.

IT Value and Alignment

In recent years, KVPL has been increasing the deployment of IT to improve processes across the business. However, investments in IT projects and systems are made only considering their suitability for the related projects. Furthermore, aspects such as cost savings, the provision of timely information and the need to balance between cost and benefits are considered when decisions are taken.

With productivity improvement being identified as a key growth driver for KVPL, the Company set up a Performance Monitoring Unit at Head Office, to monitor the performance of the estates through an online system that delivers critical information in real time.

In addition, KVPL introduced a Digital Weighing System to all Tea & Rubber estates, replacing manual weighing and thereby improving accuracy and delivery of timely information through a secured IT system. Further, the Company has completed almost 50% of implementing the new ERP System and expect to complete implementation within the few months.

IT Risk Management

Risks associated with IT are assessed in the process of KVPL's Risk Management mechanism. The use of licensed software, close monitoring of internet usage (to comply with the IT Use Policy), mail server operations, the use of Antivirus and Firewall software are some of the safeguards currently in place to minimise IT related risks.

External Audit

For the ninth consecutive year, Messrs. Ernst & Young (EY) were appointed as the external auditors of the Company with the rotation of the Partner. The Company is guided by the knowledge and experience of the Audit Committee to ensure effective harnessing of the expertise of the external auditors, while maintaining independence in order to deliver a transparent set of financial statements which are annually certified by them.

GRI 2-23, 2-24, 2-26

Whistle-Blower Policy

The Whistle-Blower Policy provides a mechanism for employees to raise concerns regarding any person within the organisation who they see as engaging in unlawful behavior or violating the Company Code of Conduct by engaging in financial fraud, incorrect financial reporting and improper conduct, breach of values and policies of the organisation. Under the guidelines of the Whistle-Blower Policy, any employee who raises such concerns will be provided a guarantee that he / she will be protected from reprisals and victimisation. The Company's whistle-blowing policy enables staff to raise concerns of suspected wrongdoing without fear of reprisal or retribution. The policy allows employees to directly raise concerns with the Company Secretary or a designated officer. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board Audit Committee.

Anti Corruption Policy

The Group considers ethical behavior extremely important in everything it does. It has a strict rule against bribery and corruption in any part of its business and works hard to keep its dealings open and honest with everyone involved, whether they're internally or externally. KVPL currently aligned to Hayleys Group "Anti Corruption Policy" and in the year under review there were no such cases reported within the KVPL Group.

Reference to ICASL

Details of Compliance

Section 1: The Company

A. Directors **GRI 2-11**

Principle: A.1 The Board

An Effective Board




The overall effectiveness of the Board is enhanced by the diversity and breadth of perspectives of its members, who combine professional and academic skills and experience. Collectively, the Board also has sufficient financial acumen and knowledge; with two of the Directors holding membership in professional accountancy bodies. All Directors have received a comprehensive training which encompasses both general aspects of directorship and matters specific to the Company and industry.

During the year under review, The Board consisted of Ten Directors – Six Non-Executive Directors, Three Executive Directors including the Chairman & one Senior Independent Director.

The Board considered that the preset composition and expertise is sufficient to meet the needs of the Group. The Non-Executive Directors contribute with their knowledge and experience collectively gained through their experience in serving or having served in a variety of public and private organisations.







The profiles of the Directors are found on pages 16 and 17 of this report.

Corporate Governance

Reference to ICASL	Details of Compliance
Principle A.1 The Board Every public Company should be headed by an effective Board, which should direct, lead and control the Company	
A.1.1 Board Meetings 	<p>The Board meets on a quarterly basis with special meetings convened if and when the need arises. During the year under review, the Board met on four occasions. Details of meetings of the Board and attendance of the members are set out on page 152 and 202 of this Report.</p> <p>The information is provided to the Board on a structured manner and regular basis as agreed by the Board.</p> <p>Information to be reported to the Board includes ;</p> <ul style="list-style-type: none"> Financial and operational results on pre agreed Key Performance Indicators Financial performance compared to previous periods, budgets and targets Impact of risk factors on financial and operating results and actions to mitigate such risks Compliance with laws and regulations and any non-compliances Internal control review Share trading of the Company and Related Party Transactions by Key Management Personnel Any other matters the Board should be aware of <p>The above information distributed among the Board members well in advance.</p>
 A.1.2 Responsibilities of the Board 	<p>The Board Charter sets out the responsibility of the Board. The Board is responsible to the shareholders for creating and delivering long-term sustainable shareholder value through entrepreneurial leadership.</p> <p>The Board has engaged Hayleys PLC, the ultimate parent, to manage and overlook the business and assets of the Company.</p> <p>The Board's key responsibilities include:</p> <ul style="list-style-type: none"> Providing direction and guidance to the Company in the formulation of high-level medium, and long - term strategies which are aimed at promoting the sustainable long - term success of the Company Reviewing the performance of the Managing Director and CEO Ensure Executive Directors and key management team possesses the skills, experience and knowledge to implement strategy effectively, with proper succession arrangements in place Reviewing, approving and monitoring annual corporate plans, corporate budget and capital expenditure Reviewing and approving major acquisitions, disposals and major investments by the management within their limits of authority Ensure effective systems to secure the integrity of information, internal controls, business continuity and Risk Management Ensure compliance with laws, regulations and ethical standards Ensure all stakeholder interests are considered in corporate decisions KVPL has adopted Integrated Reporting since 2012 and recognises sustainable business development in corporate strategy, decisions and activities Set and communicate values/standards, with adequate attention being paid to accounting policies/practices and fostering compliance with financial regulations Adequacy and the integrity of the Plantation's internal control systems with regard to the financial reporting and Management Information Systems are reviewed by the Board Audit Committee Ensuring that financial statements are published quarterly and the Annual Report is published at end of the financial year Determining any changes to the discretions/authorities delegated from the Board to the key management team Approving any amendments to constitutional documents

Reference to ICASL	Details of Compliance
<p>GRI 2-17, 2-27</p> <p>A.1.3 Compliance with the laws of the country and agreed to obtain independent professional advice</p> <p>Complied</p>	<p>The Board, collectively, as well the Directors individually, recognise their duty to comply with laws of the country which are applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations</p> <p>Directors have the power to obtain independent professional advice as deemed necessary, in furtherance of their duties, at the Company's expense. This will be coordinated through the Board Secretary facilitated through Hayleys Group Legal and Group Finance, as and when it is requested</p>
<p>A.1.4 Access to the advice and services of the Company Secretary</p> <p>Complied</p>	<p>The services and advice of the Company Secretary are available to all the Directors</p> <p>The Company Secretary ensures that Board procedures and all applicable rules and regulations are complied with</p> <p>The removal of the Secretary is a matter for the Board as a whole</p> <p>KVPL has obtained a Directors and Officers' liability insurance, providing worldwide cover to indemnify all Directors and Officers</p>
<p>A.1.5 Independent judgment of the Directors</p> <p>Complied</p>	<p>Non-Executive Directors are independent from the management and free from any business and other relations. None of the other Directors are related to each other. This enables all the members of the Board to bring independent judgment to bear on issues of strategy, performance, resources and standards of business conduct</p>
<p>A.1.6 Dedication of adequate time and effort of the Directors</p> <p>Complied</p>	<p>The Board of Directors dedicates adequate time and effort to ensure that their duties and responsibilities towards the Company and the Board are discharged</p> <p>Dates of Board Meetings and Board Sub-Committee Meetings are scheduled at the beginning of the calendar year and the relevant papers required for the meetings are circulated to the Directors well in advance providing sufficient time for review.</p> <p>Hence, the Directors are able to familiarise themselves with the business changes, operations, risks and controls which ultimately help to satisfactorily discharge the duties and responsibilities owed to the Company</p> <p>The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during the year to fulfill their duties</p>
<p>A.1.7 Call for Resolutions</p> <p>Complied</p>	<p>Any Director can call for a resolution to be presented to the Board if deemed necessary</p>
<p>GRI 2-17</p> <p>A.1.8 Training for new and existing Directors</p> <p>Complied</p>	<p>The Board of Directors recognises the need for continuous training and expansion of knowledge and undertakes such professional development as they consider necessary to carry out their duties as Directors</p> <p>Every new Director and existing Directors are provided training on general aspects of directorship and matters specific to the industry when they are first appointed to the Board</p> <p>Training programmes for top management cover the training requirement for the Directors as well. Training was provided through the ultimate parent Hayleys Group during the year</p>

Corporate Governance

Reference to ICASL	Details of Compliance
Principle: A.2 Chairman and Chief Executive Officer (CEO) There are two key tasks at the top of every Public Company – conducting of the business of the Board, and facilitating executive responsibility for management of the Company’s business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no individual has unfettered powers of decision	
A.2.1 Division of responsibilities of Chairman and CEO 	The Chairman and the Chief Executive Officer of the Company are two different persons with clearly defined and separated power and authority. The Chairman of the Company is also the Chairman of DPL Plantations (Private) Limited, DPL PLC and Hayleys PLC. The separation between the position of the Chairman and Officers with executive powers in the Company ensure a balance of power and authority
 Principle: A.3 Chairman’s Role The Chairman’s role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	
A.3.1 Chairman’s role 	The Chairman’s role includes: <ul style="list-style-type: none"> Approving the agenda for each meeting prepared in consultation with the CEO, Directors and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, Risk Management and compliance Ensuring that sufficiently detailed information on matters included in the agenda are made available to Directors in a timely manner Ensuring that all Directors are aware of their duties and responsibilities All Directors are encouraged to make an effective contribution, within their respective capabilities for the benefit of the Company All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda Maintaining the balance of power between Executive and Non-Executive Directors Ascertaining the views of Directors on issues under consideration Ensuring that the Board is in complete control of the Company’s affairs and alert to its obligations to all shareholders and other stakeholders
Principle: A.4 Financial Acumen The Board should ensure the availability within it, of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	
A.4 Financial acumen 	The Board includes two Senior Chartered Accountants, who possess the necessary knowledge and competence to offer the Board guidance on matters of finance. One of them serves as Executive Director of Hayleys PLC and other serves as the Audit Committee Chairman. Other members of the Board are adequately experienced in handling matters of finance by serving in different organisations. Hence the Board is with sufficient financial acumen and knowledge to offer guidance on matters of finance.
Principle: A.5 Board Balance It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board’s decision making.	
A.5.1 Non-Executive Directors 	Seven out of Ten Directors on the Board , are Non-Executive Directors. The composition of the Executive and Non-Executive Directors (over one third of the total number of Directors) satisfy the requirements laid down in the Listing Rules of the CSE. Majority of the Directors are Non Executive Directors since the Chairman is not an Independent Director.
A.5.2 Independence of Non-Executive Directors 	Three of Seven Non-Executive Directors are independent. The Board has determined that the three Non-Executive Directors satisfy the criteria for “independence” set out in the Listing Rules.







Reference to ICASL	Details of Compliance
A.5.3 Independence of Non-Executive Directors Complied	Non-Executive Directors' profiles reflect their caliber and the weight their views carry in Board deliberations. Each is independent of management and free from any relationship that can interfere with independent judgment. The balance of Executive, Non-Executive and Independent Non-Executive Directors on the Board, ensures that no individual Director or small Group of Directors dominate Board discussions and decision making
A.5.4 Annual declaration of independence – of Non-Executive Directors Complied	Each Non-Executive Director submits annual declarations on his independence or non-independence in a prescribed format
A.5.5 Board determination of independence of Non-Executive Directors and disclosure in Annual Report Complied	The Board considers the declaration of independence submitted by each Non- Executive Director with the basis for determination laid down by the Listing Rule of the CSE and the Code of Best Practices as a fair representation and will continue to evaluate their independence on this basis annually. Brief resume of all the Directors is available on pages 16 and 17.
A.5.6 Appointment of alternate Director Not -Applicable	None of the Directors have appointed alternate directors.
A.5.7, A.5.8 Requirement to appoint Senior Independent Director Complied	The Company has appointed Mr.N.Ekanayake as the Senior Independent Director on 01st November 2023 since the Chairman is not an independent director. The Senior Independent Director Report is enclosed on page 199.
A.5.9 Chairman's meetings with Non-Executive Complied	The Chairman holds meetings with the Non-Executive Directors, without Executive Directors, at least once in each year and at any other time where necessary
A.5.10 Record in the Board minutes of Concerns not unanimously resolved Complied	All Board/Committee matters of the Company are minuted with sufficient detail to enable a proper assessment to be made of the deliberations and discussions at the meeting. All discussions during the year were unanimously agreed on. If there are any dissenting opinions, they are clearly minuted.
Principle: A.6 Supply of Information The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	
A.6.1 Timely and appropriate information to the Board Complied	Management provides the Board with appropriate and timely information. When information volunteered by management is inadequate Directors could make further inquiries. Chairman ensures that all Directors are properly briefed on issues arising at meetings

Corporate Governance

Reference to ICASL	Details of Compliance
A.6.2 Information provided in advance to the Board meetings. Complied	The Board meetings are arranged well in advance and all Directors are informed. The Chairman ensures that all Directors are properly briefed on issues arising at Board Meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the quarterly Board Meetings 7 days prior to the Board/Sub-Committee meetings.
GRI 2-10 Principle: A.7 Appointments to the Board There should be a formal and transparent procedure for the appointment of new Directors to the Board.	
A.7.1, A.7.2 Appointment to the Board Complied	The Nominations and Governance Committee annually assesses Board composition against pre-defined criteria of skill and knowledge requirements to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. Further refer the Nominations and Governance Committee report on page no 197 and 198.
A.7.3 Succession Plan for Key Management Personal Complied	The Committee should ensure that there is a succession plan for the Chief Executive Officer and for all key management personnel and determine the training and development requirements for those identified for succession.
A.7.4 Appointment of a new Director Complied	During the year, the three new directors were appointed to the Board. One of these appointments was for a non-executive director, while the other two were for independent non-executive directors. In the event of new appointments, a brief resume of the Director, nature of his experience and the independency is informed to the Colombo Stock Exchange in line with the Listing Rules and disclosed in the annual report on pages 197 and 198.
A.7.5, A.7.6 Nomination Committee Complied	Please refer Nominations and Governance Committee Report on page 197 and 198.
Principle: A.8 Re-Election All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	
A.8.1, A.8.2 Re-election of Directors Complied	The provisions of the Company's Articles require a Director appointed by the Board during the year, to hold office until the next Annual General Meeting (AGM), and seek re-appointment by the shareholders at that meeting. The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment /re-appointment. Retiring Directors are generally eligible for re-election. Please refer Nominations and Governance Committee Report on page 197 and 198. The Managing Director does not retire by rotation and is not counted in the number of Directors who retire at the AGM.







Reference to ICASL	Details of Compliance
A.8.3 Resignations Complied	There were no resignations of Directors during the financial year. In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.
GRI 2-18 Principle: A.9 Appraisal of Board Performance Board periodically appraises their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	
A.9.1, A.9.2, A.9.3, A.9.4 Appraisal of Board Performance	The performance of the Board and Sub-Committees is evaluated annually on self-assessment basis. The annual self-evaluation is carried out by each Director and the collective outcome is made available to the Nominations and Governance Committee. The Nominations and Governance Committee consider the results and makes recommendations to improve the balance of skill, experience, industry and company knowledge training of Directors where necessary.
Principle: A.10 Disclosure of Information in respect of Directors Shareholder should be kept advised of relevant details in respect of Directors	
A.10.1 Disclosures about Directors Complied	Name, qualifications, brief profile and nature of expertise of the Directors are given on page 16 and 17 of this Annual Report. Directors' interests in contracts are given on the page 187 of this Report. The number of Board meetings attended by the Directors are available on the page 152 of this Report. Names of listed companies in Sri Lanka in which the director concerned serves as a Director is given on page 16 and 17. Names of the Directors who serve as Chairman or as member of a Board Committee, and their attendance are given on page 152.
Principle: A.11 Appraisal of Chief Executive Officer The Board should be required at least annually, to assess the performance of the CEO	
A.11.1, A.11.2 Evaluation of the performance of the CEO Complied	The short, medium and long-term objectives determined by the Board including financial and non-financial targets that should be met by the CEO are set and evaluated at the commencement of each fiscal year. The performances were evaluated annually and ascertained whether the targets were achieved or whether achievement is reasonable in the circumstances.
GRI 2-19, 2-20 B. Directors Remuneration Principle: B.1 Remuneration Procedure Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	
B.1.1 Remuneration Committee. Complied	Kelani Valley Plantations PLC has its own Remuneration Committee, and this committee decides and recommend the Remuneration payable for the Executive Directors and Corporate Management. The Board makes the final determination after considering such recommendations. No Director is involved in deciding his own remuneration. Refer governance structure in Corporate Governance Report on page 153. Payment of remuneration to Directors is disclosed in Note 9 on page 230 of this report.








Corporate Governance

Reference to ICASL	Details of Compliance
B.1, B.1.3 Composition of the Remuneration Committee 	Remuneration Committee of the Company comprises the following three Independent/Non-Executive Directors. Mr. N Ekanayake - Chairman Mr. F Mohideen Mr. M C B Talwatte No Director is involved in deciding his/her own remuneration
Principle: B.2 The Level and Make up of Remuneration Levels of Remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' Remuneration should be structured to link rewards to corporate and individual performance.	
B.2.1, B.2.2, B.2.3 Composition & the purpose of the Remuneration Committee 	Remuneration Committee is sets up to make recommendations to the board on remunerating the chief executive officer, executive and non-executive directors, and guidelines for fair and transparent procedures for remunerating senior management, including post-employment benefits as well as terminal benefits. Remuneration Committee consults the Chairman, Managing Director and Chief Executive Officer about its proposal regarding the Remuneration of other Executive Directors. Both internal and external professional advice has been taken during the year under review. Refer the Remuneration Committee report on page 196.
B.2.4 Determining annual salary increases & employment conditions 	The Remuneration Committee considers Remuneration and employment conditions sensitively elsewhere in the Company or the group of which it is part.
B.2.5 Performance related elements of Remuneration for Executive Directors 	The performance-based incentives have been determined by the Remuneration Committee to ensure that the earnings of the executives are aligned with the achievement of objectives and budgets of the Group companies
B.2.6 Remuneration Levels for positions of the Company 	The remuneration committee should judge where to position levels of remuneration of the company, relative to other companies. but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance
B.2.7 Sensitivity of the Remuneration Company 	The remuneration committee should be sensitive to remuneration and employment conditions elsewhere in the company or group of which it is a part.





Reference to ICASL	Details of Compliance
B.2.8 , B.2.10 Designing performance related Remuneration & the balance of remuneration Complied	Performance-related Remuneration is designed by the Remuneration Committee based on the provisions set out. The performance related elements should be transparent & should review at least annually against the set targets and goals which have been approved by the board.
B.2.9 Share Option Schemes Not -Applicable	Presently the Group does not have an Executive Share Option scheme
B.2.11 , B.2.12 GRI 2-21 Compensation, commitments in the event of early termination and dealing with early termination Complied	There are no provisions for compensation for early termination in the letter of contract. However, the Directors would determine this on a case by case basis.
B.2.13, B.2.14 Levels of Remuneration for Non-Executive Directors Complied	The Remuneration Committee determines the levels of Remuneration for Non- Executive Directors considering the time commitment and responsibilities of their role and market practices. Remuneration for Non-Executive Directors does not include share options.
B.2.15 Listing of Chairman and Remuneration Committee members in the annual report Complied	The chairman and members of the remuneration committee should be listed in the annual report each year. Please refer the Remuneration Committee report on page 196.
Principle: B.3 Disclosure of the Remuneration The Company's Annual Report should contain a Statement of Remuneration Policy and details of Remuneration of the Board as a whole.	
B.3.1, B.3.2 Disclosure of the remuneration. Complied	Refer the Remuneration Committee report on page 196. The Remuneration Policy is to attract and retain a highly qualified and experienced workforce, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contribution, bearing in mind the business' performance and shareholder return. The total of Directors' Remuneration is reported in Note 9 to the financial statements.
C. Relations with Shareholders - Constructive use of the AGM and conduct of General Meetings Principle: C.1 Boards should use the AGM to communicate with shareholder and should encourage their participation.	
C.1.1 Notice of the AGM Complied	The notice and the agenda of the Annual General Meeting together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.

Corporate Governance

Reference to ICASL	Details of Compliance
C.1.2 Separate resolution on each substantially separate issue 	<p>Separate resolutions are proposed at an Annual General Meeting on each substantially separate issue.</p> <p>A resolution for adoption of the Annual Report of the Board of Directors and the financial statements with the Independent Auditor's Report is proposed separately.</p> <p>A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.</p>
C.1.3 Votes and use of proxy 	<p>The Company ensures that all proxy votes are properly recorded and counted. The level of proxies lodged on each resolution is conveyed to the Chairman.</p>
C.1.4 Answer questions at the AGM 	<p>The Board invites the Senior Independent Director to be available to answer queries at the AGM when necessary.</p>
C.1.5 Notice of General Meetings 	<p>The Notice of Meeting is included in the Annual Report. The Notice contains the Agenda for the Annual General Meeting as well as instructions on voting for shareholders, including the appointment of Proxies.</p> <p>The period of notice prescribed by the Companies Act No. 7 of 2007 has been met</p> <p>The notice and the agenda of the Annual General Meeting together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting</p>
Principle: C.2 Communication with shareholders The Board should implement effective communication with Shareholders.	
C.2.1 Channel to reach all Shareholders of the Company. 	<p>The modes of communication between the Company and the shareholders are the Annual Reports, quarterly financial statements and interim reports, announcements made through the CSE, other press releases and Annual / Extraordinary General Meetings</p> <p>Shareholders may bring up concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate at shareholder meetings</p> <p>The digital version of the Annual Report is posted on the company website immediately after it is released to the Stock Exchange. Moreover, the website posts news and latest updates of the Company.</p> <p>The active participation of shareholders at the Annual General Meeting is encouraged. The Board believes that the Annual General Meeting is a means of continuing effective dialogue with shareholders.</p> <p>The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.</p>
C.2.2 Disclosure of the communication policy 	<p>The communication policy and methodology for communication with the shareholders are given in the stakeholder engagement.</p>








Reference to ICASL	Details of Compliance
C.2.3 Implementation of the policy and methodology for communication with Shareholders 	Printed copies of Annual Reports are provided to all shareholders on request without a charge and soft copies are available in the CSE website and in the corporate website. A copy of the interim financial statements is released to the CSE and published on their website. Copies of all public announcements are made available to the CSE for dissemination to the public.
C.2.4 Disclosure of contact person 	Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the relevant person to raise queries. The contact person for such communication is the Company Secretary.
C.2.5 Major issues and concerns of shareholders 	All major issues relating to shareholders are brought to the attention of the Board.
C.2.6 Person to be contacted with regard to shareholders' matters 	The Company Secretary holds the responsibility to be contacted in relation to shareholder's matters
C.2.7 Process for responding to shareholder matters 	The Chairman and the Directors answer all queries raised by the shareholders at General Meetings. The Board in conjunction with the Company Secretary, formulates the process for addressing shareholder matters.
GRI 2-15 Principle: C.3 Major and Material Transactions Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would material alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated group net asset base.	
C.3.1, C.3.2 Major Related Party Transactions 	Prior to engaging in a major transaction with a related party or Related Party Transactions which have the effect of substantially altering the nature of business, the Directors disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an Extraordinary General Meeting Refer the Related Party Transaction Review Committee report on page 195.
C.3.3 Disclosure of Major Transactions to shareholders 	There have been no transactions during the year falling within the definition of "Major Transactions" as set out in the Companies Act No. 7 of 2007

Corporate Governance

Reference to ICASL	Details of Compliance
D. Accountability and Audit – Financial and Business Reporting (The Annual Report)	
Principle: D.1 The Board should present a balanced and an understandable assessment of the Company's financial position, performance, business model, Governance structure, Risk Management, internal Controls and challenges, opportunities and prospects	
D.1.1 D.1.2 Balance and understandable information to shareholders 	<p>The Company has presented balanced and understandable financial statements which provide a true and fair view, quarterly and annually. In the preparation of financial statements, the Company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and the SEC</p> <p>Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner as required</p>
D.1.3 CEO's & CFO's approval on financial statements prior to Board approval 	<p>Director Finance and two other Directors have signed the financial statements on behalf of the Board. Responsibilities of Board of Directors and Directors statement on internal controls are given on page 191.</p>
D.1.4 The Directors Report 	<p>The Annual Report of the Board of Directors on the affairs of the Company is given from page 187 to 190 of this Annual Report which contains the following:</p> <ul style="list-style-type: none"> Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka (refer page 187) Declaration by the Directors on all material interests in contracts involving the Company and has refrained from voting on matters in which they were materially interested (refer page 188). Equitable treatment to shareholders (refer page 190) Compliance with best practices of Corporate Governance (refer page 189) Information relating to PPE has been given in notes 12, 13 and 14 to the financial statements. Review of internal controls, Risk Management and reasonable assurance of effectiveness and adherence (Refer page 190) Going concern of the business (refer page 190)
D.1.5 Statement of Directors Responsibility, statement on internal controls and Auditors' Report. 	<p>The Statement of Director's Responsibilities for the financial statements is given on page 192 and Directors statement on internal controls are given on page 191.</p> <p>The Auditors' Report is available from page 203 to 205.</p>
D.1.6 Management Discussion & Analysis 	<p>A comprehensive coverage of key initiatives undertaken during the year, business model, industry structure and development, opportunities and threats, Risk Management, internal controls and their adequacy, Governance, stakeholder relationship, social and environment protection activities, financial performance, investment in physical and intellectual capital, human resource / industrial relations, sector performances, achievements and prospects for the future. Awards won and certifications received are available in the management discussion (page 12 and 13) of this Report.</p>
D.1.7 Summon an EGM to notify serious loss of capital 	<p>In the event the net assets of the Company fall below 50% of its Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders the remedial action being taken. However, such event has not been required since the adoption of New Companies Act No. 07 of 2007.</p>

Reference to ICASL	Details of Compliance
D.1.8 Related Party Transactions <div>Complied</div>	The Company adheres to the Listing Rules of the CSE and the Code of Best Practise on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) . The Company Secretary keeps records on Related Party Transactions quarterly.
Principle: D.2 Risk Management and Internal Control The Board is responsible for determining the nature and extent of the principle risks it is willing to take in achieving its strategic objectives. The Board should have a process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, Risk Management and internal control is a process, effected by a Company's Board of Directors and management designed to provide reasonable assurance regarding the achievement of Company's objectives.	
D.2.1 Review of the process and effectiveness of Risk Management <div>Complied</div>	The details of risks affecting the Company and mitigation actions are explained from pages 182 to 186.
D.2.2 Monitoring sound system of internal control <div>Complied</div>	The Directors review the risks facing the Company and the effectiveness of the internal controls. The Audit Committee executes this function evaluating the effectiveness of the internal controls and Risk Management on behalf of the Board and make necessary recommendations to the Board. Refer the Directors' Statement on Internal Control on page 191.
Principle: D.3 Audit Committee The Board should establish formal and transparent arrangements for considering how they should; select and apply accounting policies for financial reporting determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.	
D.3.1 Composition of Audit Committee <div>Complied</div>	The Audit Committee was established in 2008. The Committee consists two Independent Non-Executive Directors and Non -Executive Director and is chaired by Mr. N Ekanayake who is the Senior Independent Director as well. He is a Fellow Member of the ICASL. Refer the Audit Committee Report from page 193 to 194
D.3.2 Committees' terms of reference <div>Complied</div>	Terms of References (TOR) provides proper guideline duty and authority to deliver the responsibilities. The Committee is empowered to examine any matters relating to the Financial Reporting Systems of KVPL, Risk Management, external audits and internal audits. Its duties include the detailed review of financial statements, internal control procedures and Risk Management Framework, accounting policies and compliance with applicable accounting standards and other rules and regulations. It reviews the adequacy of systems in place for compliance with relevant legal, regulatory and ethical requirements and Company policies. The Audit Committee makes recommendations to the Board pertaining to appointment, re - appointment of External Auditors after assessing the independence and performance and approves the remuneration and terms of engagement of the external auditors. The Chairman, the Managing Director, the Chief Executive Officer of the Company, Head of Group Internal Audit and Hayleys Group CFO are invited to attend meetings. Other Directors and Senior Managers attend meetings as required. The input of the External Auditors is obtained where necessary. The Audit Committee helps the Group to achieve a balance between conformance and performance.

Corporate Governance

Reference to ICASL	Details of Compliance
D.3.3 Disclosures 	Mr. N Ekanayake is the Chairman of the Audit Committee. Mr. F Mohideen and Mr. M.C.B.Talwatte are the two other members. Annual Report contains a compliance report of the Audit Committee on page 193 and 194. Audit Committee charter can be found on page 193.
Principle: D.4 Risk Committee The Board should establish a procedure for risk management including how they determine risk culture, risk appetite, risk identification & classification, rating & management of risk	
D.4.1, D.4.2, D.4.3, D.4.4, D.4.5 Committee Composition & Responsibilities 	The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee Report on page 193 to 194 of this Annual Report for further information.
Principle: D.5 Related Party Transactions Review Committee (RPTRC) The Board should establish a procedure to ensure that the Company does not engage in transactions with “Related Parties” in a manner that would grant such parties “more favorable treatment” than that accorded to third parties in the normal course of business	
D.5.1 Related Party Transactions 	The Company is adhering to LKAS 24 and Transactions entered into with related parties during the year is disclosed in Note 32 to the financial statements.
D.5.2 Composition of Related Party Transactions Review Committee 	The RPTRC of the Company consist of, Mr. N Ekanayake – (Chairman) Senior Independent Director Mr. F Mohideen – Non – Executive Director Mr. M C B Talwatte – Independent Non – Executive Director
D.5.3 Terms of Reference 	RPTRC has written terms of reference dealing with its authority and duties. RPTRC report describing the duties, task and attendance of the committee is appear on page 195.
Principle: D.6 Code of Business Conduct & Ethics Companies must adopt a Code of Business Conduct & Ethics for Directors, Key Management Personnel and all other employees’ including but not limited to: dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal fraudulent and unethical behavior be promptly reported to those charged with governance. The Company must disclose waivers of the Code of Directors, if any.	
D.6.1 Disclosure on presence of Code of Business Conduct & Ethics 	The Directors and members of the Senior Management team are bound by ‘The Hayleys Way ‘ which is the Code of Business Conduct & Ethics applicable to the Hayleys Group. The Code consists of important topics such as, conflict of interest, bribery and corruption, entertainment and gifts, accurate accounting and record keeping, fair and transparent procurement practices, corporate opportunities, confidentiality, fair dealing, protection and proper use of Company assets including information assets, compliance with laws, rules and regulations (including insider trading laws) and encouraging the reporting of any illegal, fraudulent or unethical behaviors. The Board ensures compliance with the Code and non-compliance may cause disciplinary action.
D.6.2 Process to identify & report price sensitive information 	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported.





Reference to ICASL	Details of Compliance
D.6.3 Shares purchased by Directors and key management personnel Complied	The Company has a policy and a process for monitoring, and disclosure of shares purchased by any Director and key management personnel Details of Directors shareholdings are given on page 273 of the Annual Report of Board of Directors on the affairs of the Company
D.6.4 Affirmation of Code in the Annual Report by the Chairman Complied	“The Hayleys Way” serves as the ethical roadmap for all Directors, key management personnel and other employees. The Chairman affirms that Code of Conduct and business Governance offers direction for all the employees across the organisation and he is not aware of any violation of any of the provisions of the Code of Business Conduct & Ethics in Statement from the Chairman on Corporate Governance on page 150.
D.6.5 D.6.6 D.6.7 Code of Best Conduct Complied	The Company should conduct training on the Code of Business Conduct and Ethics as part of induction training of new employees. The process for company wide dissemination of the policy, training arrangements, violations/non-compliances with actions taken should be reported to the board on a regular basis. The Chairman must affirm in the Company’s Annual Report that a code of conduct and ethics has been introduced company wide & must also disclose significant violation if any of the provisions of the code of business conduct & ethics. Disclosures should contain the types and numbers of violation and procedures followed in dealing with them
Principle: D.7 Corporate Governance Disclosures Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	
D.7.1 Disclosure of adherence to Corporate Governance Complied	The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed on page 189 under the Annual Report of the Board of Directors on the affairs of the Company
Section 2: Shareholders E. Institutional Investors	
Principle: E.1 Shareholder voting Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice	
E.1.1 Dialogue with shareholders Complied	All shareholders are invited to attend the Annual General Meeting and they are encouraged to make comments/suggestions. The Company seeks dialogues with institutional investors Impartiality is maintained on shareholder vote at the Annual General Meeting based on individual holding and weightage
Principle E.2. Evaluation of Governance Disclosures When evaluating Companies’ Governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	
E.2 Evaluation of Governance disclosure Complied	Institutional investors are encouraged to give due weight to all relevant factors which are brought to their attention when evaluating Companies’ Governance arrangements, particularly in relation to Board structure and composition

Corporate Governance

Reference to ICASL	Details of Compliance
F. Other Investors	
Principle: F.1 Investing/Divesting Decisions Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	
F.1 Individual shareholders are encouraged to do their own analysis or seek independent advice. <div>Complied</div>	The quarterly financial statements, Company disclosures and Annual Report provide sufficient information to carry out their own analysis for decision on investing or divesting In addition, KVPL encourages individual shareholders to seek independent advice for their investing and divesting decisions The Board carries out dialogues with its shareholders at General Meetings. In this regards, the Annual General Meeting and Extraordinary General Meetings (EGM) of the Company plays a critical role. Voting of the shareholders is crucial in carrying a resolution at the AGM/EGM.
F.2 Shareholder Voting Principle F.2 Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	
F.2 Encourage Shareholders to participate and vote at AGM <div>Complied</div>	All individual shareholders are encouraged to actively participate in the Annual General Meetings and they have the independence of exercising their votes as they wish
Principle: G. Internet of Things and Cyber Security	
G.1 The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business.	
Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	
G.1 Cyber security risk from sending and receiving information <div>Complied</div>	The Company has an Information Security Policies Manual and Disaster Recovery & Business Continuity Plan Supported by Hayleys Acceptable IT Use Policy to mitigate the risk associated with IT failures due to both internal and external threats. The use of licensed software, close monitoring of internet usage (to comply with the IT Use Policy), mail server operations, the use of anti-virus and firewall software to filter malicious content and maintenance contracts with reputed companies are some of the safeguards currently in place to minimise IT related risks.
Principle G.2 The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a Cyber-Security Risk Management Policy which should be approved by the Board.	
G.2 Appointment of Chief Information Security Officer (CISO) <div>Complied</div>	Hayleys Group has formed the "Hayleys Group Information Security Committee" which consist of each sector representatives who have been officially appointed by sector management headed by the Chief Information Security Officer (CISO) nominated by Head of Hayleys Group IT under the patronage of Group Executive Director for IT

Reference to ICASL	Details of Compliance
Principle G.3 The Board should allocate regular and adequate time on the board meeting agenda for discussions about cyber-risk management.	
G.3 Allocation of adequate board time to discuss cyber- risk management <div>Complied</div>	The Board reviews business risk quarterly including IT and cyber- security risk.
Principle G.4 The Board should ensure the effectiveness of the Cyber Security Risk Management through independent periodic review and assurance.	
The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, Company's business model and incident findings.	
G.4 Review and assurance of effectiveness of the Cyber Security Risk Management <div>Complied</div>	Independent reviews are carried out to ensure cyber- security and a secured Management Information System.
Principle G.5 The Board should disclose in the Annual Report, the process to identify and manage cyber security risks.	
G.5 Disclose of the process to identify and manage cyber security risk <div>Complied</div>	Hayleys IT security policy provides a procedure to identify and manage cyber security risk. Assistant General Manager – Information Technology, adhere the Group Policy to manage and control the cyber security risk.
<div>GRI 2-14</div>	
Principle: H. Sustainability: ESG Risk & Opportunities	
H.1 The board should consider sustainability/ESG risk and opportunities in the company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	
H.1.1 Provide the impact of ESG Risks & Opportunities for the Board <div>Complied</div>	The Annual Report contains sufficient and relevant information of to assess how ESG risks and opportunities are recognised, managed, measured and reported presented from page 182 to 186. The impact of ESG issues are disclosed in Risk Management report from page 182 to 186. Further, information related to the ESG Risks & Opportunities are provided to the Board in the Corporate Budget Discussion as well.
H.2 The board and key management personnel should continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ESG risk and opportunities, as stakeholder expectations are heightening across various sustainability/ESG issues relating to the protection of environment and other ESG issues. Many institutional investors consider these factors in their investment decision making.	

Corporate Governance

Reference to ICASL	Details of Compliance
H.2.1 Method of recognizing significant stakeholders & their matters. 	The company has its own method to recognize the major stakeholders, their matters and level of interest & it has described in the Strategy & Focus Section from Page 40 to 44.
H.3 The company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.	
H.3.1 Environmental and Social Governance 	The company has a unique ESG Framework which names as “KVPL CORPORATE DNA”. It includes the Environmental & Social Framework separately. Refer the Environment & Social DNA from Page 54 to 57.
H.4 The board should establish a governance structure to support sustainability/ESG factors including its ability to create value and manage risks in the short, medium and long term, recognizing, managing and measuring on all pertinent aspects of sustainability using financial and non-financial measures.	
H.4.1, H.4.2, H.4.3 Method of measuring the Impact on Company Sustainability through ESG factors & Boards Role on ESG Factors 	The Company is measuring the impact on sustainability through analyzing the data gathered from the Estates. The Company has recognises the key resources deployed in the business and financial and non-financial measures are established. The Company has identified risk and has taken mitigatory actions for the risks which have an impact on the sustainability of the business and are discussed in the Risk Management report from page 182 to 186. The Board has committed to environment, social and governance aspects and the environmental management and social activities have been discussed from page 182 to 185.
H.5 The company's annual report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognized, managed, measured and reported	
H.5.1, H.5.2, H.5.3, H.5.4 How the ESG risks are recognized, measured, & Reported & the Board's Responsibility on ESG 	Board is responsible on the ESG risks and whenever a risk aroused in ESG, the board members discuss such matter on regular basis. Refer the Risk Management section from page 177 to 185.

Compliance with CSE Continuing Listing Rules – Section 7.6

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors Pages 16 and 17
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Share Information pages 272 and 273
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Report of the Board of Directors Pages 16 to 17
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on page 182
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital from page 94 to 115
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate on page 6
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors Pages 16 to 17
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information on page 272 and 273
7.6 (xi)	Ratios and Market Price Information		Refer Pages 24 and 272
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Refer Pages 236 and 237
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report from page 174 to 176
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Compliant	Refer Related party transactions from page 261 to 263

Corporate Governance

Compliance With CSE Continuing Listing Rules

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.2.1	Policies	Compliant	<p>The Company has established and continues to maintain policies on Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct and Ethics (the 'Hayleys Way'), Risk Management and Internal Control, Matters relating to Board of Directors and Board Committees (Board Charter) Relations with Shareholders and Investors, Environment, Social Governance and Sustainability ('Hayleys Life Code'), Whistle Blowing and Anti Bribery and Corruption.</p> <p>The Company is in the process of establishing and adopting the other regulatory policies.</p>
9.3	Board Committees	Compliant	The Company has established the following Board Committees : Audit Committee, Nominations and Governance Committee, Remuneration Committee and Related Party Transactions Review Committee.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Complaint	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Complaint	<p>The Company has a Shareholder Communication and Relations policy and it is published on the corporate website.</p> <p>The contact person is mentioned.</p> <p>The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.</p>
9.5.	Policy on matters relating to the Board of Directors	Complaint	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6. 2	Chairperson and CEO	Complaint	The Chairperson and the CEO of the Company is not the same person.
9.6.3	Senior Independent Director	Complaint	The Company appointed a Senior Independent Director since the Chairperson is an Executive Director.
9.6.3. (b)	Senior Independent Director (SID)	Complaint	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3. (c)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Complaint	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the Report of the SID on page 199.
9.7.1	Fitness of Directors and CEO	Complaint	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Complaint	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the year.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.7.5	Disclosure in the Annual Report	Compliant	Annual Report of the Board of Directors from Page 187 to 190 provides the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consists of 10 Directors.
9.8.2	Independent Directors	Compliant	Three Directors are Independent
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the Company, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each Independent Director signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by each Director.
9.9	Alternate Directors	Not Applicable	None of the Directors have appointed Alternate Directors
9.10.(1)	Disclosure relating to Directors	Compliant	The Policy on matters relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a Director is Twenty.
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer page 16 to 17 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Page 16 to 17 of the Annual Report contains the relevant information
9.11.1-3	Nominations and Governance Committee	Compliant	The Company has its own Nominations and Governance Committee which has clearly defined Terms of Reference. Refer the Nominations and Governance Committee Report on page 197
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee of the Company comprises two Independent Non Executive Directors and one Non Executive Director. The Chairperson is an Independent Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 197
9.11.6	Disclosures in Annual Report	Compliant	Refer the Nominations and Governance Committee Report on page 197
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 196 and Principles B1 to B3 from page 161 to 163 of this Corporate Governance Report.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.12.6	Composition of the Remuneration Committee	Compliant	The Remuneration Committee of the Company comprises two Independent Non Executive Directors and one Non Executive Director. The Chairperson is an Independent Director
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The aggregate remuneration paid to Directors is given in note 9 to the financial statements on page 230.
9.13.1	Composition of Audit Committee	Compliant	Refer Audit Committee Report on pages 193 and 194.
9.13.4	Audit Committee Functions	Compliant	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	The RPTRC of the Company comprises two Independent Non Executive Directors and one Non Executive Director. The Chairperson is an Independent Director Please see the Report of the Related Party Transaction Review Committee on page 195
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the RPTRC on page 195.
9.14.4	RPTRC Meetings	Compliant	RPTRC met 04 times during the year.
9.14.7	Immediate Disclosures	Compliant	Please refer Note 32 of the Notes to the Accounts on page 263.
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Note 32 of the Notes to the Accounts on page 261 to 263.
9.14.8	The Report by the Related Party Transactions Review Committee	Compliant	Please refer the Report of the Related Party Transactions Review Committee on page 195.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board from page 187 to 190.
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on page 16 to 17.

Risk Management

After the adverse impacts from the global pandemic and the economic crisis in the country which prevailed almost in the last two years, the plantation industry came back to normal in the 2023/24 year.

KVPL continued to follow the plans it has formulated to meet unpredictable risks which may arise from internal and external environments. In addition the management expertise and the unique Enterprises Risk Management Process of the Company, enabled KVPL to mitigate the other major risks within a controllable level during the year, in a transparent manner.

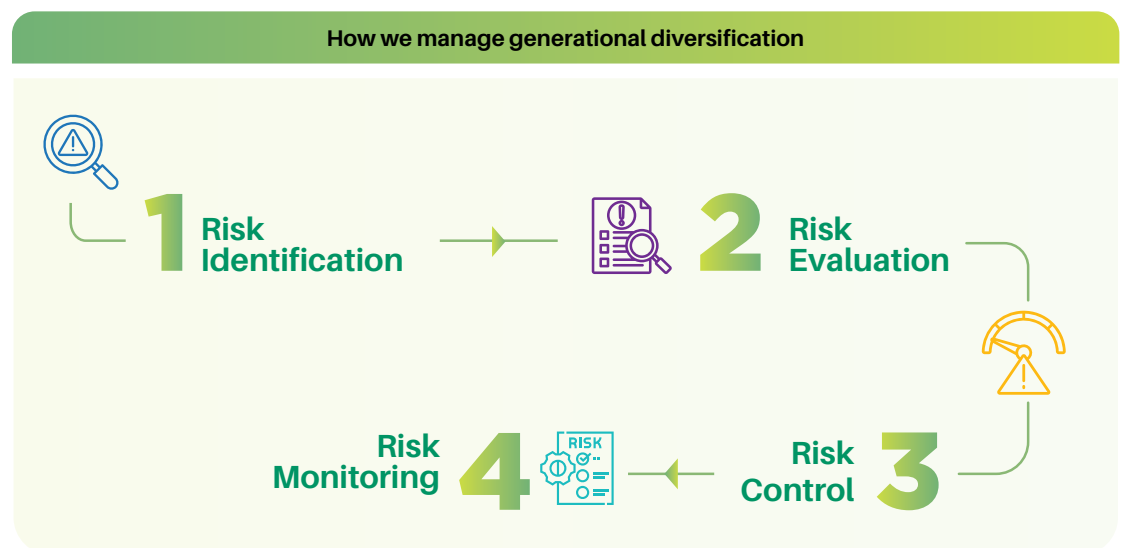
Further, as a responsible Company of the Hayleys Group, the overall Risk Management System of the Company is regularly reviewed internally and externally via the following mechanisms;

- Special Review Teams have been developed in the regions to carry out system reviews to ensure that the systems are in line with existing controls. The team share their findings with the Head Office Management as well the respective estate for necessary action where needed
- An independent external Risk Assessment is also conducted by the external auditors and specific risks which are identified through the audit findings are mentioned in the year end management letter
- As a member of the multinational and diversified conglomerate Hayleys Group, KVPL's entire Risk Management Process is stringently supervised by the Hayleys PLC Audit Division. The division coordinates with KVPL with regards to regularly involving & coordinating with the Company on controlling the risks and improving the effectiveness of the Risk Management System
- A Special Risk Assessment is submitted each quarter for the Board's review

Risk Management Process

The KVPL Group including its subsidiary companies adhere to a comprehensive Risk Management Process as illustrated below to face unpredictable risks in the plantation industry. KVPL focuses on risk mitigation rather than risk avoidance or acceptance mostly by obtaining insurance coverage based on the nature of the business and advice of experts.

Similar to the other companies, KVPL Group's Risk Management Strategy also comprises the following four steps:



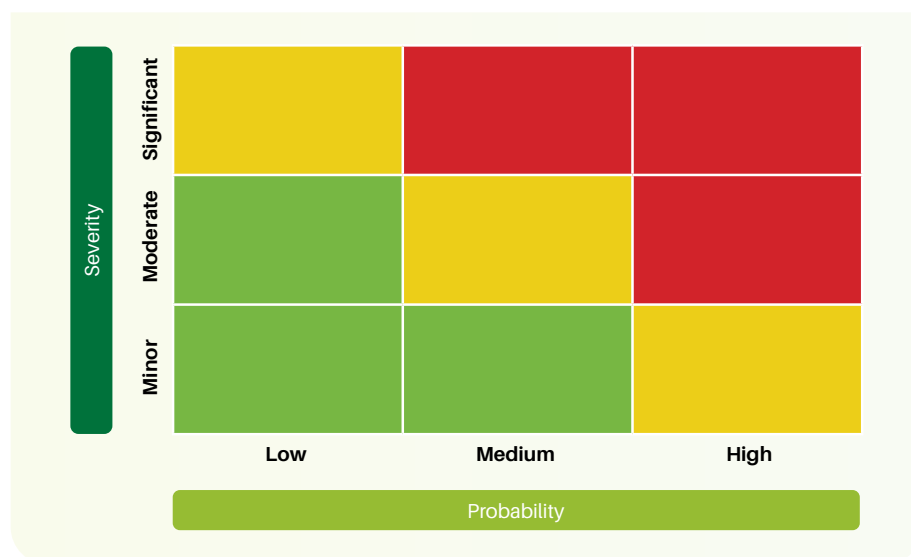
Risk Management

1. Risk Identification

This initial step of the Risk Management Process, is critical as the success of the entire Risk Management Process relies on the accurate identification of risks. At KVPL, the Risk Identification Process begins from the estate managers who identify risks in their respective areas. Following the completion of this step, the identified risks are shared at the monthly/quarterly meetings for broader analysis in order to identify possible risks which arise from unique events. The minor risks which are identified are sorted out at estate level under the guidance of the Estate Managers.

2. Risk Evaluation

The response steps for the identified risks are taken based on the priority given at the Risk Evaluation Stage. The identified risks are evaluated carefully through an evaluation procedure. Through the evaluation process, the risk will be ranked as low, medium & high based on the impact of the risk and the probability. After the ranking is done, the Company management will take necessary action to respond to the risks based on their priority.



3. Risk Control

Based on the rankings, the top management of the Company will control the risk based on the priority by,

Developing Risk Response Strategies

The risk response strategies will be planned & developed to manage the evaluated risk. The strategies will be mainly developed to accept, reduce and share or to avoid the risk based on the impact and the probability of the identified risk. The entire responsibility of developing risk strategies lies with the Managing Director of KVPL & the top-level management team. In addition, to provide the ideal response strategy out of the alternatives, the Company carries out an internal control system to filter and select the most suitable response strategy out of the alternatives. Similar to previous years, KVPL responded to most of the risks that it came across in 2023/24 by mitigating them rather than avoiding or accepting; by obtaining adequate insurance coverage and by having several meaningful discussions with industry experts.

Risk Reporting

The risk response strategies are discussed by the Company's top management as soon as they are developed and thereafter presented to the Board of Directors as well as the Audit Committee along with the review reports for further analysis. They will evaluate and develop risk strategies along with the respective risks and will make any necessary adjustments before implementing them in practical scenarios. Upon finalisation of the developed strategies, they will be communicated to the ground level for the implementation process. KVPL's communication process has three components:

- Corporate Level Communication
- Regional Level Communication
- Estate Level Communication

Corporate Level Communication

The top tier of the communication process where communication takes place between the Directors of the Plantations, the CEO & The Managing Director which discusses the uncontrollable risks which can't be solved at estate or regional level. The most important high-risk issues are discussed at this level.

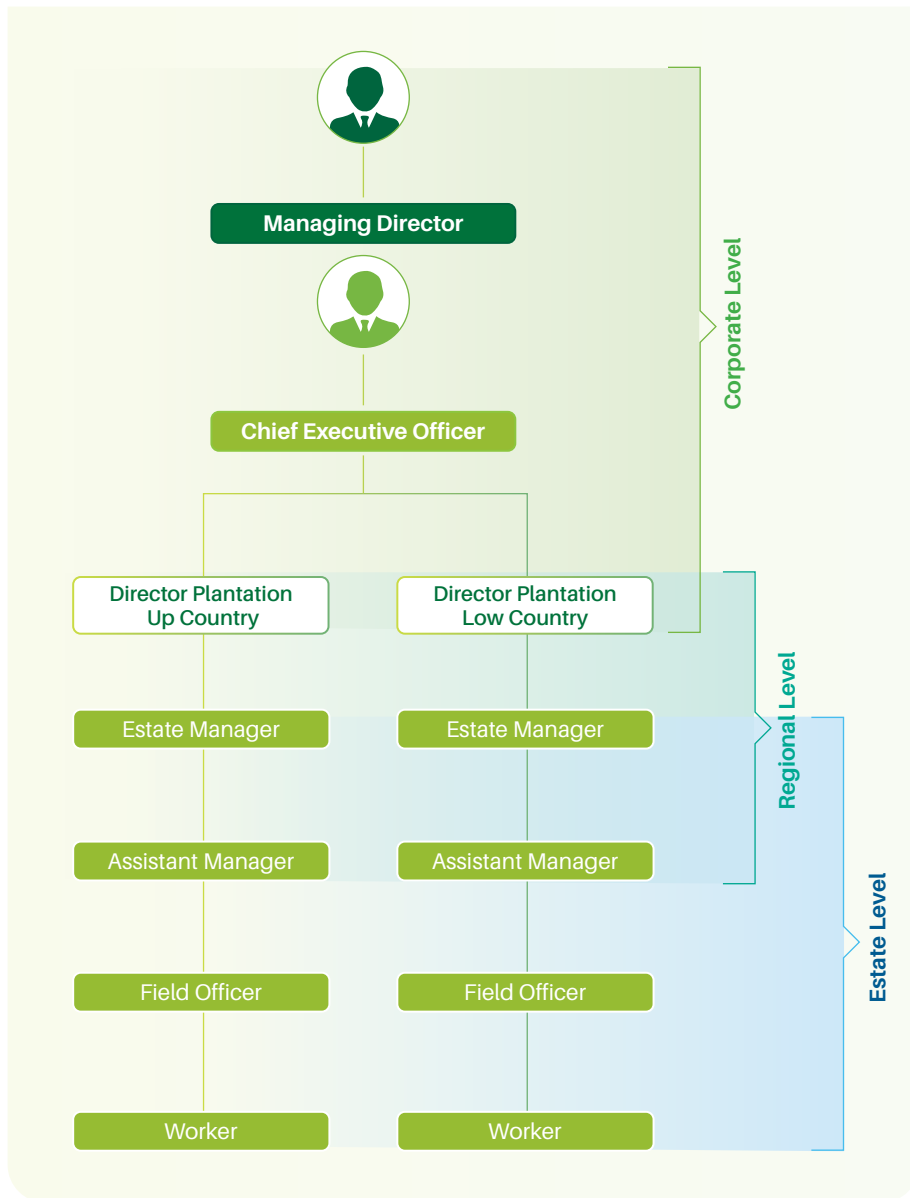
Regional Level Communication

This is the intermediary level of the KVPL communication process. Issues raised by ground level/estate level workers which can't be solved at the estate level are brought into this level and discussed and solved between estate managers and Directors of Low Country and Up Country Plantations.

Estate Level Communication

GRI 2-13

The initial step of the communication process at KVPL where ground level workers and estate staff have the opportunity to raise issues and any concerns with the estate manager and the assistant manager on a specially designated labour day allocated by the Company each week



4. Risk Monitoring

This is the final step of the Risk Management Process where the Company has to monitor the entire Risk Management Process and this step can be divided into two stages as follows:

Monitoring

The Company evaluates the efficacy of the implemented strategies and if they have yielded the expected results of reducing the respective risks within the year. This monitoring process is carried out at different levels of the organisation by different parties.

Review

Review process of the risk profile of KVPL is conducted every quarter unless there is a substantial diversion.

Risk Portfolio of the KVPL Group

With the addition of diversified business sectors, KVPL Group has a wide risk portfolio as depicted below. KVPL adopts a variety of strategies to address the different types of risks.

GRI 201-2

Key Risks Faced in 2023/24



Strategic Risk

- ⦿ Climate Changes
- ⦿ Production Risk
- ⦿ Political Risk
- ⦿ Commodity Risk
- ⦿ Acquisitions
- ⦿ Social & Environmental Risk



Financial Risk

- ⦿ Foreign Exchange Risk
- ⦿ Interest Rate Risk
- ⦿ Credit Risk
- ⦿ Investment Risk
- ⦿ Liquidity Risk
- ⦿ Accounting & Reporting Risk



Operational Risk

- ⦿ Value Chain Risk
- ⦿ Management Personnel & Worker Migration
- ⦿ Business Disruption
- ⦿ IT Risk
- ⦿ Technological Risk
- ⦿ Reputational Risk



Compliance and Other Risk

- ⦿ Legal
- ⦿ Tax
- ⦿ Market Prices
- ⦿ Data Privacy
- ⦿ Product Security
- ⦿ General Business Principles
- ⦿ Occupancy Risk

Risk Management

KVPL Approaches Towards Risk Management

Bottom-up Approach

Under this approach, information such as Company results, opportunities and operational risks are communicated from the ground level worker to the top level employees of the Company through regular meetings and simultaneous remedial action and goal setting also will take place at this meeting.

Hayleys Groups' Risk Management Functions

The Audit Division of the parent Company (Hayleys PLC) also pays more attention to the KVPL Risk Management Process. They coordinate the identification and documentation of control risk areas and tries to enhance the Risk Management System at regular intervals in conjunction with the KVPL management.

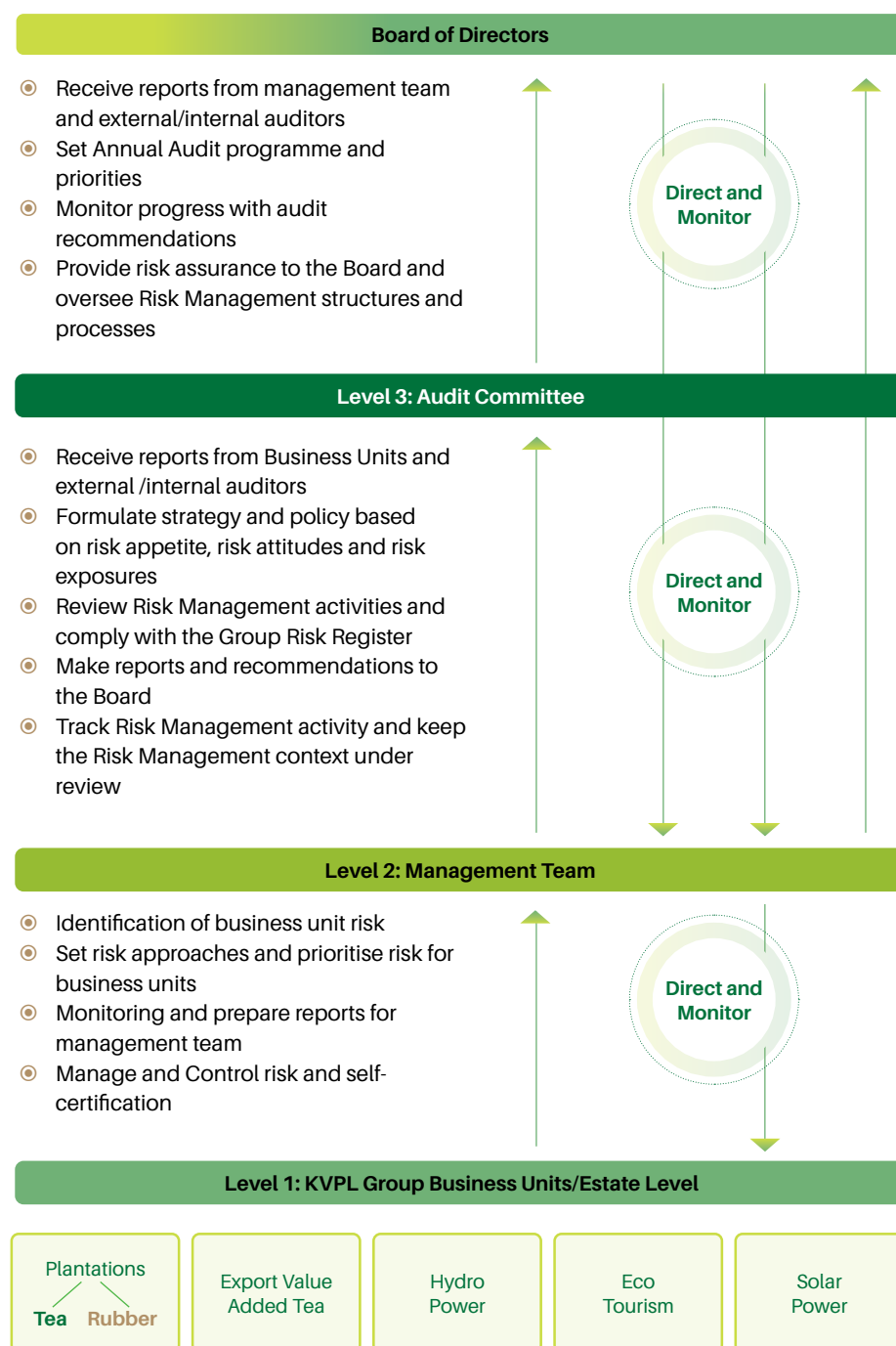
Internal Systems Review

There is a separate review team at KVPL Group to carry out system reviews in order to ensure the efficacy and compliance of existing systems and controls. Based on the review findings, necessary feedback is given to the H/O as well as to the estates to take necessary appropriate action.

External Auditor's Management Letter

The year-end management letter issued by the external auditors highlights the risks associated with the audit findings. KVPL uses those findings for continuous enhancement of the Company's overall Risk Management System.

Risk Architecture



Business Units/Estates: Each divisional business units identifies value creation model and shareholder concerns from the stakeholder engagement processes, to identify material aspects and risk indicators. The risks originated are evaluated and managed within their approved risk appetites and policies and the units are required to establish and maintain appropriate risk management controls, resources and self-assurance processes.

Management Team / Executive Committee: The management team is responsible for developing division-specific risk appetite statements, policies, controls and procedures, in addition to monitoring and reporting in line with the Board's Statement of Risk Appetite and the Risk Management Frameworks approved by the Board of Directors. The Heads of the business units evaluate operational risk and consults operational management. The significant risks are reported to the Corporate Management where risks are analysed, mitigated and implemented at operational level.

Audit Committee: Group Audit Committee spearheads the optimisation of the risk-reward concept by overseeing the development of risk appetite statements, Risk Management Frameworks, policies and risk concentration controls and monitoring diverse risk profiles to sharpen the alignment with approved risk appetites and strategies.

Board of Directors: The ultimate responsibility of managing risk lies with the Company Board of Directors. They are required to ensure that Risk Management is embedded into all processes and has to review the Group risk profile. Further, the BOD will be assisted by the Audit Committee to overlook the responsibility for risk and Internal Control.

Estate Level Risk Management Process

As a Company which operates in the Plantations Industry, KVPL's Risk Management Process has identified that workers including the estate community are exposed to large scale risk when on and off duty. These risks basically can be divided into two components as,

1. Environmental Risk – Earth Slips, Floods, Cyclones, Lightning Strikes and Animal Attacks
2. Housing and Other Risk – Factory Fires, Factory Accidents, Customer Complaints, Fire at Worker Housing, Violence & Strikes, Field Accidents & Sudden Illnesses amongst other.

For the above-mentioned risks, the Estate Risk Management Process will identify solutions for the following questions :

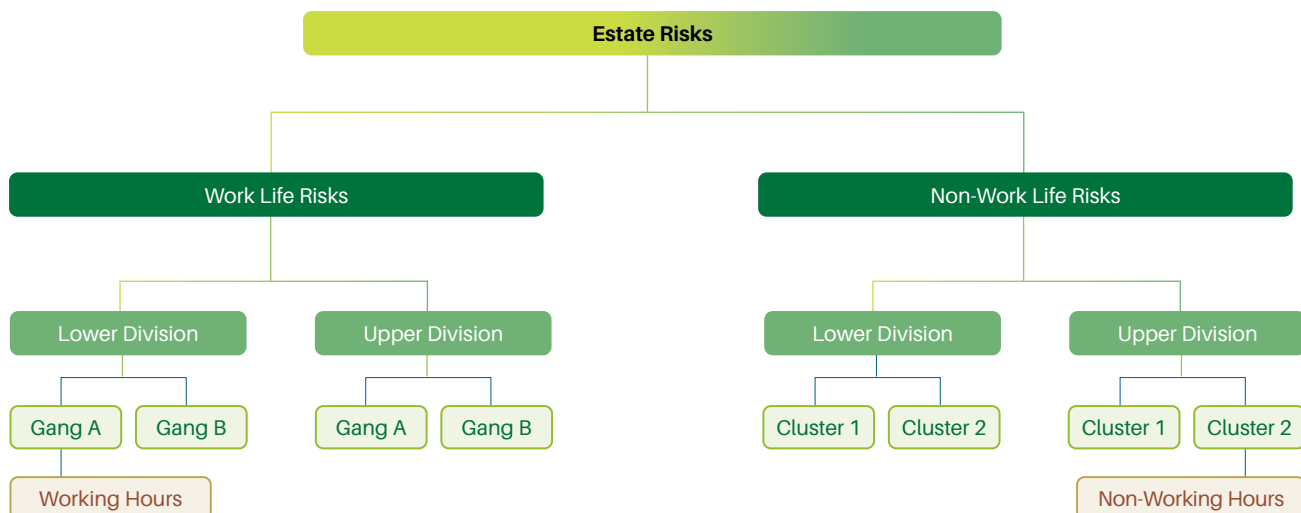
- ⦿ How the risk could occur
- ⦿ Who might be harmed
- ⦿ What is being done already
- ⦿ Is anything else required to control this risk
- ⦿ Action by who
- ⦿ Action by when

Process of Managing Estate Risks

Based on the location where the risks are arising, the Estate Risk Management has divided the risks into two components as,

- ⦿ Field Level Risk Management
- ⦿ Worker Housing/Environment Risk Management

The Field Level Risk Management directly covers the labour force while the Worker Housing/Environment Risk Management covers the entire estate community. Response action to hazards are assigned at divisional, field and work group levels, to be able to reach the grass root level in each estate. Responsibilities are assigned between working hours and non-working hours and the risk communication processes follows a bottom-up approach.



Risk Management

Group Risk Management in 2023/24

H High **M** Medium **L** Low

GRI 201-2

Risk Factor	Risk Rating		Response
	2023/24	2022/23	
Strategic Risk			
<p>Climate Changes</p> <ul style="list-style-type: none">Both Tea and Rubber crop output fluctuated due to adverse weather conditions, and erratic weather patterns. This affected the yields, quality, market share, earnings and profitability of the product directly.	<div>H</div>	<div>H</div>	<p>Climate change risk remained high and an unpredictable area during the current year as well</p> <p>Our sustainable agricultural practices strengthened the Emergency Response Plan and Business Recovery Plan to mitigate effects of climatic changes</p> <ul style="list-style-type: none">Close supervision on Tea and Rubber crop variancesSuccessful implementation of the Company Crisis Management Plan with periodic reviewPreserve forests and water sheds to retain the moisture containsPre-drought spraying for Tea to prevent excessive transpiration during dry seasonsSloping Agriculture Land Technology (SALT) to avoid soil erosionManagement of shade treesBurial of weed heaps to retain moistureFixing of Rain Guards to protect the tapping area of Rubber Trees
Production Risk			
<ul style="list-style-type: none">Consistencies in product quality depends on the consistency in quality of raw material (Green leaf, Field Latex...etc).	<div>M</div>	<div>H</div>	<p>Quality of end product (eg; made Tea and Rubber) is purely dependent on quality of the raw material.</p> <p>Production risk remained high during the year but with the below measurements & plans KVPL managed to keep it under a controllable level,</p> <ul style="list-style-type: none">Regular refresh programmes are conducted to manual grade workforce on quality of raw material and on techniques of harvestingEncouraged the workforce by having annual plucking competitions within estates as well as within the Hayleys Plantations CompaniesRevenue Share Model introduced to mitigate the shortage of workers as well as to motivate the workers for better earningsManagement closely monitors stocks which are limited and have special plans to optimise the use of scarce resources
<ul style="list-style-type: none">Inconsistencies lead to reduced demand, resulting a drop-in market price, market share and reputation, and increases the number of quality claims	<div>H</div>	<div>H</div>	<ul style="list-style-type: none">Obtained advice from industry experts, TRI, RRI, brokers and feedback from customersConducted weekly Tea assessments on qualityFrequent quality audits, reviews and corrective measures (Quality Assurance Systems)A better grade mix by converting our Plantation Field latex crop in order to obtain the best market demand locally and overseasCentralising Tea factories for product improvement and operational efficiencyDeveloped new areas of diversification in to identified high market potential crops and products such as Cinnamon, Coconut, Cardamon, Coffee etc .Introduced Speciality Tea for customersExploring into New Non-Traditional markets (China/Poland)Participating in Globally recognized exhibitions to find potential buyers

H High **M** Medium **L** Low

Risk Factor	Risk Rating		Response
	2023/24	2022/23	
Political Risk			
<ul style="list-style-type: none">Political intervention in wage negotiations and major industrial relations inhibit the resolution of issues on the basis of economic viability aloneHigh Instability & Volatility in the Political EnvironmentIncrease in Corporate Tax Rates	H	H	<p>Political risks remained as a high-level risk during the year. The case regarding the Rs.1,000.00 wage rate is still pending without a decision in Courts & the new wage increase proposal gazette issued closer to the presidential election. The management initiative to improve the labour wage alongside with the productivity were not considered positively by the Government as proposed.</p> <ul style="list-style-type: none">However, Plantation Management continue to make representations with the key members in the Government to address the wage issue while keeping the industrial harmonyDue to high volatile political environment, the management executed the contingency plans to keep the production process smoothObtained advice from tax experts for tax planning and tax concessions prior to the quarterly tax payments
<p>Value chain</p> <ul style="list-style-type: none">Fluctuations in global supply and demand, close substitutes and competition from other major low cost producers (India, China, Kenya, Vietnam and Indonesia) affects the demand and determines the price(s) of KVPL products	H	H	<ul style="list-style-type: none">Obtaining accreditations for Black Tea factories on international food hygienic standards and accreditations of Tea estates for good agricultural practicesMembership in the UNGC which positions KVPL as a socially responsible plantation companyThe Company continues to produce high quality products in order to reach high-end markets whilst maintaining high gross sales averages over elevational averages to optimise the profit margin <p>Obtaining Certifications which enhance the consistency and acceptance of the product</p> <ol style="list-style-type: none">1. ISO 22000:2018 Food Safety Management System Certification2. Fair Rubber Certification3. Organic Rubber Field Certification (GOLS)4. Forest Stewardship Council Certification5. Rain Forest Alliance Certification6. ISO 14064-1 GHG Verification7.Eco Label Sri Lanka Certification8.Sustainability Framework Certification9.USDA – NOP & EU Organic Certification
Social Environmental Risk			
Managing the young generation with gender mix of Gen Y & Gen Z	H	H	Increasing the dignity of estate level employment by providing uniforms and changing traditional designations and ensuring continuous awareness of sector level benefits, and critical engagement on health & well-being initiatives

Risk Management

Risk Factor	Risk Rating		Response
	2023/24	2022/23	
Financial Risk			
Foreign Exchange Risk <ul style="list-style-type: none">Our subsidiary Mabroc is focused on foreign markets and adverse fluctuations of foreign exchange rates affect pricing policy and results of the CompanyThe Appreciation of the LKR in the 1st half of the year impacted KVPL & Mabroc bottom lines significantly due to export income reduction	H	H	The exchange rate risk and the associated risk exposure is managed as follows; <ul style="list-style-type: none">Arranging forward exchange contracts to minimise the exposure of currency volatilityMonitor exchange rate movements and outlook for high exposure currenciesForex exposures are monitored, and appropriate action is recommended to reduce inherent risk and minimise adverse impact of currency rate movements on assets and liabilitiesMeasures are established to determine effectiveness of actions takenMonitoring debt collection and currency conversion in timely mannerThe Company management closely monitored the performances, inventory levels estate wise and weekly & monthly, to ensure that costs were contained within internal budgets
Interest Rate Risk <ul style="list-style-type: none">Frequent changes in national fiscal and monetary policies affect the Company's pricing policy and profitability. Similarly, low returns on investment, high opportunity cost of investment and difficulty in generating funds for capital development and growth are the other major risks inherent in the industry	M	H	<ul style="list-style-type: none">The KVPL Group's credibility, reputation strength and financial dependability help ensure ready access to funds at attractive ratesThe Company maintains constant communication with the Hayleys Group Treasury to obtain a higher return for the investmentsThe Company invested in Treasury Bills with different maturity periods in order to mitigate the interest rate risks
Credit Risk <ul style="list-style-type: none">Credit risk is in the financial losses that result from customers defaulting and the prospect of protracted legal proceedings without assurance of a favourable outcome	M	M	Although, this is a medium risk area in the current economic conditions, mitigatory measures are as follows, <ul style="list-style-type: none">Credit risks are assessed, limits are set and credit granted is closely monitoredSuppliers are settled and dues collected from customers leaving no room for default on paymentTea and Rubber stocks are sold through auction and settlements are assured within seven (7) daysCustomers of Mabroc Teas (Pvt) Ltd. are provided credit upon a thorough evaluation and all open account customers are subject to credit insuranceGovernment leases and other finances are closely monitored and settled without delay
Investment Risk <ul style="list-style-type: none">This entails failure in investments/ inability to achieve expected objectives. This affects future profitability and sustainability of the Group	M	M	<ul style="list-style-type: none">Any "Proposed Investments" are subject to a rigorous evaluation and feasibility process involving expert advice to ensure a maximum return on investment, and Board approval is required prior to embarking on any investmentFurther KVPL closely monitor the progress to ensure project deliverables are achieved within the given budgets and timelinesPrudent investments are made in capital development i.e. replanting, machinery and plant upgrading and rationalising the production capacities in major factoriesThe investments have been diversified such as into minor crops to minimise the investment risk to a certain level, this year as well

Risk Factor	Risk Rating		Response
	2023/24	2022/23	
Liquidity Risk <ul style="list-style-type: none"> Liquidity challenges are likely to arise due to uncontrollable factors such as, erratic weather patterns, a wage hike, drop in demand and prices and increase in prices of input materials 	M	L	<p>The Liquidity Risk of the Company in the year under review increased slightly up to a certain level compared to the 2022/23 mainly due to drop in prices. However the Liquidity Risk of the Company was managed via the following steps:</p> <ul style="list-style-type: none"> Efficient cash management such as close monitoring of expenditure, maintaining an effective budgetary control system for each estate, and building up of reserves are keys to minimising Liquidity Risks The Company monitor cash flows on daily basis as against monthly forecasts (expenses are prioritised and expenditure curtailed to the earnings of the estates especially in less crop and lower NSA seasons) Estate level monthly expenditure is monitored by plantation Directors based on monthly expenditure forecast which is approved by the CEO at the beginning of each month. Further, expenses are monitored through the annual budget
Accounting and Reporting <ul style="list-style-type: none"> Possibility of misstatement of Financial Position or Profitability and noncompliance with Accounting Standards and other regulatory requirements 	L	L	<ul style="list-style-type: none"> The KVPL Board consists of Senior Qualified Accountants The KVPL Group consists of Chartered Accountants and skilled staff with relevant qualifications and expert knowledge in the industry KVPL consult experts in the field when required and regular training on areas such as changes in standards, laws and compliance are given to the staff
Operational Risk			
Human Capital Risk <ul style="list-style-type: none"> Recruitment of competent and skilled employees 	H	H	<p>Following measures were taken to recruit competent employees,</p> <ul style="list-style-type: none"> Plantations Management Trainees- batch # 6 - In Progress and by end of September all 4 PM trainees will complete the 9 months training programme. Revisiting the changes needs for compensation and benefit packages. Structured and transparent system is in progress to screen and select the skilled employees to staff categories. Digital recruitment and on-boarding module through Oracle HCM have help to recruit the talented and skilled employees for Executives and Management category.
Human Capital Risk <ul style="list-style-type: none"> Migration of young and talented employees 	H	H	<p>Following measures were taken to retain competent employees,</p> <ul style="list-style-type: none"> Goals setting and performance-based culture has been inculcated through ORACLE HCM. The performance-based evaluation system has been linked with comprehensive and well-structured benefit packages including training opportunities. More training and foreign exposure to young talent
Reputation Risk <ul style="list-style-type: none"> KVPL's reputation may be tarnished due to non-compliance, unethical practices, and inconsistency in product/ service quality 	L	L	<ul style="list-style-type: none"> KVPL continues to adopt all the global and local standards such as quality assurance policies, Food Safety Standards and ISO Standards to maintain the reputation within the country and globally In efforts to maintain product quality, the Company sends Tea samples frequently to foreign and local Tea Testing Institutes as per the buyer requirements Continue internal audits to evaluate the status
Business Disruption <ul style="list-style-type: none"> Natural disasters, human involved activities (human errors, accidents etc.) may cause business/ operational disruptions. 	L	L	<ul style="list-style-type: none"> Obtained regular 3rd party certification on Health & Safety and implemented Disaster Management Policies with the help of the expertise of Internal & external personnel Transfer the risk through obtaining insurance covers for the Company assets

Risk Management

Risk Factor	Risk Rating		Response
	2023/24	2022/23	
IT Risk Include risk of system failure and loss of data	M	M	<ul style="list-style-type: none"> Have implemented a sound IT policy, including IT security, privacy and confidentiality, supported by adequate systems and controls Have a disaster recovery plan in place to mitigate the risk of IT failures. An effective backup procedure has been implemented both at estates and head office level with the support of Hayleys Group IT unit Monitor system hardware capacities Have a maintenance contract for hardware with a reputed Company Have immediate IT related support for estates in the capacity of skilled personnel in the Regional Office Have provided new technologies (Tabs, Smart phones etc.) for online transmission of daily information to the estate managers Closely monitor the internet and e-mail usage
Technological Risk Not keeping pace with technological developments could lead to obsolescence	L	L	<ul style="list-style-type: none"> Mechanisation of estate functions up to the highest possible extent Investing in research and development activities whenever necessary Investing in hardware resources Maintain close relationship with Research Institutes and Universities to acquire new technology
Compliance and Other Risks			
Regulatory Risk (Legal, Tax...etc) Compliance with laws and other statutory obligations and risk arising from litigation and law suits against the Company may lead to loss of reputation and penalties being imposed	L	L	<ul style="list-style-type: none"> Statutory obligations are regularly reviewed by the Head of Finance and reported to the Audit Committee Group has its own legal and tax consultants

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Kelani Valley Plantations PLC (the Company) have pleasure in presenting their Report on the Affairs of the Company together with the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2024.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 (the Companies Act), the Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices. The Financial Statements were reviewed and approved by the Board of Directors on 10 May 2024.

Principle Activities, Business Review and Future Developments

The principle activities of the Company are producing and processing of Tea and Rubber. Details of activities of other companies in the Group are given on page 20 of this Report.

The Chairman's Message (page 32 to 34), Managing Director's Review (page 35 to 38), Sustainability Report (page 51 to 145) and Financial Capital (pages 72 to 82) describe the performance of the Company during the year, with comments on the financial results, future strategic developments and the progress of its subsidiaries, Kalupahana Power Company (Private) Limited, Mabroc Teas (Private) Limited, Kelani Valley Resorts (Private) Limited and Investment in Martin Bauer Hayleys (Private) Limited.

There were no material changes in the nature of business of the Company and the Group during the financial year.

The Directors to the best of their knowledge and belief confirm that the Group has not engaged in any activities that contravene laws and regulations.

Financial Statements

The Financial Statements of the Company and the Group are given from pages 206 to 269.

Auditor's Report

The Independent Auditor's Report on the Financial Statements of the Company and the Group is given from pages 203 to 205.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given from pages 213 to 228.

Group Revenue

The Group Revenue during the year was Rs. 19,968,248,675/- (2022/23 - Rs. 20,704,225,946/-) and an analysis is given in Note 6.1 to the Financial Statements. The Group revenue from tea decreased by Rs. 378,171,962/- (2022/23 increased by Rs. 7,481,250,188/-) and rubber decreased by Rs. 399,600,467/- (2022/23 - increased by Rs. 295,475,112/-) during the year, respectively. Segmental analysis of the Group revenue is shown in Note 6.1 to the Financial Statement.

Results and Dividend

The first interim dividend of Rs. 1.00 (Rupees one) per share was paid to the shareholders on 23 October 2023. The second interim dividend of Rs. 0.25 (Cents twenty-five) per share was paid to the shareholders on 24 January 2024 and third interim dividend of Rs. 2.50 (Rupees two and cents fifty) per share was paid to the shareholders on 29 April 2024.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' Solvency Certificates have been obtained as required.

The Group profit before taxation amounted to Rs. 1,849,440,798/- (2022/23- profit before taxation Rs. 3,040,669,860/-). After deducting Rs. 666,608,513/- (2022/23 - Rs. 952,825,506/-) for taxation, the profit for the year was Rs. 1,182,832,285/- (2022/23 - profit of Rs. 2,087,844,354/-).

The Group profit attributable to owners of the parent after deducting for non-controlling interest of Rs. 9,396,868/- (2022/23 - Rs. 460,405/-) for the year was Rs. 1,173,435,417/- (2022/23 - 2,087,383,949/-).

The Profit available for appropriation, inclusive of Rs. 5,115,217,411/- (2022/23 - Rs. 3,852,994,998/-) of brought forward retained profit amounted to Rs. 5,823,980,926/- (2022/23 -

Rs. 5,115,217,411/-) Segmental analysis of the Group gross profit is shown in Note 6.2 to the Financial Statement and KPI's are discussed in Financial Capital section of this report.

Property, Plant & Equipment

The capital expenditure of the Group during the period amounted to Rs. 663,467,830/- (2022/23 - Rs. 911,368,856/-) whilst that of the Company was Rs. 346,024,306/- (2022/23 - Rs. 567,331,033/-) which includes replanting expenditure of Rs. 222,210,040/- (2022/23 - Rs. 292,506,317/-) on tea, rubber, coconut, cinnamon, coffee and fuel wood.

Information relating to movement of Property, Plant & Equipment is given in Notes 12, 13 and 14 to the Financial Statements.

Stated Capital and Reserves

The stated capital of the Company, consisting of 68,000,000 ordinary shares and one Golden share amounts to Rs. 340,000,010/-. There was no change to the stated capital during the year.

The Golden share of Rs. 10/- held by the Secretary to the Treasury, enjoys the following special rights:

- The concurrence of the Golden Shareholder should be obtained to sub-lease estate lands and amend the Articles of Association of the Company in which the Golden Shareholders' rights are given.
- The Golden Shareholder or his nominee has the right to examine the books and accounts of the Company.
- The Company is required to submit a detailed quarterly report to the Golden Shareholder.
- The Golden Shareholder can request the Board of Directors of the Company for a meeting.

Annual Report of the Board of Directors on the Affairs of the Company

Reserves

The total reserves of the Group as at 31 March 2024 amounted to Rs. 7,523,980,981/- (2022/23 - Rs. 6,815,216,558/-) comprising the general reserve of Rs. 1,700,000,000/- (2022/23 - Rs. 1,700,000,000/-) and the carried forward profit of Rs. 5,823,980,926/- (2022/23 - Rs. 5,115,217,411/-).

The movement is shown in the Statements of Changes in Equity in the Financial Statements.

Taxation

It is the Company's policy to provide for deferred taxation on all known temporary differences on the liability method.

The Company is liable to income tax at the rate of 30% for the agro processing activities. Agricultural profits of the Company is exempted for the year of assessment 2023/24.

Information relating to income tax rates of subsidiary companies is shown in Note 10 to the Financial Statements.

Interest Register

The Company, in compliance with the Companies Act, maintains an Interest Register. Particulars of entries in the Interest Register are detailed below. The subsidiary companies have unanimously agreed to dispense with the keeping of an Interest Register.

Directors' Interests in Transactions

The Directors of the Company have made the general disclosures provided for in Section 192 (2) of the Companies Act. Note 32 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

Directors' Interests in Shares

Directors who have relevant interests in the shares of the Company have disclosed their shareholdings and any acquisitions/ disposals during the year to the Board, in compliance with Section 200 of the Companies Act.

D P L Plantaions (Pvt) Ltd holds 49,253,800 shares (72.43%) in Kelani Valley Plantations PLC in which Mr. A.M. Pandithage, Dr. W.G.R. Rajadurai, Mr. A. Weerakoon and Mr. S.C. Ganegoda are Directors.

119,853 shares were purchased by Mr. S.C. Ganegoda, a Non-Executive Director of Kelani Valley Plantations PLC.

Directors' Shareholdings

The shareholdings of the Directors as at 31 March 2024 were as follows;

Name of the Director	As at 31/03/2024	As at 31/03/2023
Mr. A.M. Pandithage	-	-
Dr. W.G.R. Rajadurai	4,382	4,382
Mr. A. Weerakoon	-	-
Mr. S.C. Ganegoda	165,000	45,147
Mr. F. Mohideen	-	-
Mr. C.V. Cabraal	-	-
Mr. N. Ekanayake	-	-
Mr. M.C.B. Talwatte (appointed on 3rd January 2024)	-	-
Mrs. S. Amarasekera, PC (appointed on 3rd January 2024)	-	-
Mr. S.P.Peiris (appointed on 3rd January 2024)	-	-

Insurance & Indemnity

The ultimate parent of the Company, Hayleys PLC has obtained a Directors and Officers liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

Payment of Remuneration to Directors

Executive Directors' remuneration is determined within an established framework. The total remuneration of the Executive Directors of the Group and the Company for the year ended 31 March 2024, is Rs. 131,023,530/- (2022/23 Rs.123,948,165/-) and Rs. 54,906,788/- (2022/23 Rs. 50,103,917/-) respectively, including the value of perquisites granted to them as part of their terms of service. The total remuneration of Independent Non-Executive Directors of the Company for the year ended 31 March 2024, is Rs. 3,975,000/- (2022/23 Rs. 2,895,000/-) determined according to scales of payment decided upon by the Board previously. The Board is satisfied that the payment of this remuneration is fair to the Company.

Corporate Donations

The donations made during the year by the Company amounted to Rs. 150,000/- (2022/23 Rs.- Nil).

No donations were made for political purposes.

Directorate

The names of the Directors who held office during the financial year are given below and their brief profiles appear on page 16 and 17.

Executive Directors

Mr. A.M. Pandithage (Chairman)
Dr. W.G.R. Rajadurai (Managing Director)
Mr. A. Weerakoon (Chief Executive Officer)

Non-Executive Directors

Mr. S.C. Ganegoda
Mr. F. Mohideen
Mr. C.V. Cabraal
Mr. S.P. Peiris (appointed on 3rd January 2024)

Independent Non-Executive Directors

Mr. N. Ekanayake (Senior Independent Director)
Mr. M.C.B. Talwatte (appointed on 3 January 2024)
Mrs. S. Amarasekera, PC (appointed on 3 January 2024).

With a view to improving the collective effectiveness and performance of the Board and Sub-committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

Mr. S.P. Peiris, Mr. M.C.B. Talwatte and Mrs. Amarasekera, PC were appointed to the Board on 3 January 2024. In terms of Article 28(2) of the Articles of Association of the Company, Shareholders will be requested to re-elect them at the Annual General Meeting.

In terms of Article 30(1) of the Articles of Association of the Company, Mr. A. Weerakoon and Mr. S.C. Ganegoda retire by rotation and being eligible offer themselves for re-election.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. A.M. Pandithage and Mr. F. Mohideen who are over Seventy years of age, resolving that the age limit of Seventy years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

In accordance with Rule 9.8.5 of the Listing Rules of CSE Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9C of continuing Listing Rules of CSE.

Directors of the subsidiaries are given on page 20.

Corporate Governance

The Company has complied with the revised Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Report on pages from 150 to 176 discusses this further.

Mr. N. Ekanayake was appointed as the Senior Independent Director on 1 November 2023 in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. A.M. Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group. Please refer the Senior Independent Director's Report on page 199.

The Directors and the CEO satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. There were no non-compliances by any Director or CEO during the financial year.

The Directors have declared all material interests in contracts involving the Company and the Group and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There have been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company nor the Group have engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company and the Group by the Government or any regulatory authority in any jurisdiction where the Group companies operate.

Board Subcommittees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee with specific terms of reference. The Committee Reports are given on pages 193 and 198 of this report.

Related Party Transactions

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and are in compliance with the Section 09 of the CSE Listing Rules.

Auditors

The Auditors, Messrs Ernst & Young, Chartered Accountants were paid Rs. 9,508,175/- (2022/23 - Rs. 7,884,312/-) and Rs. 7,303,650/- (2022/23 Rs. 6,351,450/-) by the Group and the Company respectively as Audit fees for the Financial year ended 31 March 2024.

In addition, the Group paid Rs. 2,839,260/- (2022/23 - Rs. 1,332,405/-) to Messrs. Ernst & Young, Chartered Accountants for the year whilst the Company incurred Rs. 939,634/- (2022/23 - Rs. 625,841/-) on non audit related work which mainly consists of tax consultancy services.

The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationships (other than that of the Auditor) with, or interests in the Company or any of its subsidiaries other than those disclosed above.

Messrs Ernst & Young, Chartered Accountants have expressed their willingness to continue in office. In accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the directors to determine their remuneration is being proposed at the Annual General Meeting.

Annual Report of the Board of Directors on the Affairs of the Company

Share Information and Major Shareholdings

Information relating to Earnings, Dividend, Net Assets per Share, Market Value Per Share and Share Trading is shown in page 24 and 272 respectively.

Shareholders

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders. The Twenty major shareholders' names, comparative number of shares held and the percentage held as at 31 March 2024 and public shareholding percentage and total number of public shareholders are shown on page 273.

Events Occurring After the Date of the Statement of Financial Position

No circumstances have arisen since the date of the Statement of Financial Position, which would require adjustments to, or disclosure of other than those disclosed in Note 35 to the Financial Statements.

Employees & Industrial Relations

The Company has a structure and a culture that recognizes the aspirations, competencies and commitment of employees. Career growth and advancement within the Company is promoted. Details of the Company's human resource practices and employee and industrial relationships are given in Human Capital Section. The number of persons employed by the Group at financial year end was 7,621 (2022/23 - 7,764) of which 7,583 (2022/23 - 7,586) are engaged in employment outside the Western province.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made promptly.

The declaration relating to statutory payments is made in the Statement of Directors' responsibilities on page 292

Ratios and Market Price Information

The ratios relating to equity and debt as required by the listing requirements of the CSE are given on page 24.

ESG Risk and Opportunities

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the environment section of the Sustainability Report from page 51 to 59.

The Group's business activities can have direct and indirect effect on the environment. It is the Group's policy to minimise any adverse effects its activities may have on the environment and to promote co-operation and compliance with the relevant authorities and regulations.

Material Issues Pertaining to Employees and Industrial Relations

Details relating to material issues pertaining to employees and industrial relations are given in Human Capital on page 94

Risk Exposure

Information pertaining to material foreseeable risks are given under Risk Management on pages 182 to 186

Internal Controls

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records, reliability of financial information generated and cyber security.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors and they have obtained reasonable assurance of the effectiveness of the existing controls. The successful adherence to existing controls has been ascertained and improvements have been carried out where necessary. The Board is satisfied with the Group's adherence to and the effectiveness of these controls.

Going Concern

After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the code of best practice on corporate governance, the Directors

have a reasonable expectation that the Group and Company possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements.

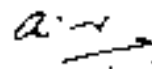
Policies

The Company has adopted the policies established by the Parent Company on Matters relating to the Board of Directors and Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Risk Management and Internal Control, Whistleblowing and Anti-Bribery and Corruption. 'The Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees. The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Group. The Company is in the process of formulating the other required policies.

Annual General Meeting

The Annual General Meeting will be held on Monday, 24 June 2024 at 11.00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10. The Notice of the Annual General Meeting appears on page 294.

For and on behalf of the Board,



A. M. Pandithage
Chairman



Roshan Rajadurai PhD, D.Sc.
Managing Director



Hayleys Group Services (Private) Limited
Secretaries

10 May 2024

Directors' Statement on Internal Controls

The following statement fulfills the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.

- The Hayley's Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.

- The Audit Committee reviews internal control issues identified by MA & SRD and Management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.

- The adoption of new Sri Lanka Accounting Standards, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.

- The comments made by External Auditors in connection with the internal control system during the financial year 2023/24 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

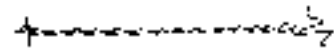
Conclusion

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Roshan Rajadurai PhD, D.Sc.
Managing Director



Anura Weerakoon
Director/Chief Executive Officer

10 May 2024

Statement of Directors' Responsibility

The Directors are responsible under sections 150 (1), 151, 152 (1), & 153 of the Companies Act No. 07 of 2007 (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 and the Group as at the end of the financial year and of the profit or loss of the Company and the Group for the financial year.

The Directors are also responsible, under section 148 of the Companies Act, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of financial statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the financial statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act and the Listing Rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfied the solvency test requirement under Section 56 of the Companies Act for all dividends paid. Auditors' Solvency certificates Have been obtained from the Auditors in respect of the Interim dividends paid.

The External Auditors, Messrs. Ernst & Young Chartered Accountants were re-appointed in terms of the Companies Act and were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown from page 203 to 205 sets out their responsibilities in relation to the Financial Statements.

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 Balance Sheet date have been paid or provided where relevant.

By Order of the Board,

Hayleys Group Services (Private) Limited
Secretaries

10 May 2024

Audit Committee Report

Composition

The Audit Committee of Kelani Valley Plantations PLC, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors and one Non-Executive Director.

The composition and attendance at meetings is given below:

Committee Member	Attendance
Mr. N. Ekanayake ** (Chairman)	4/4
Mr. F. Mohideen *	4/4
Mr. M.C.B. Talwatte** (appointed as a member on 8 January 2024)	2/2
Mr. C.V. Cabraal* (stepped down from the Committee on 8 January 2024)	2/2

* Non-Executive Director

**Independent Non-Executive Director

Brief profiles of each member are provided on pages 213 to 228 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

The Chairman of the Audit Committee is a senior qualified Accountant and other members possess relevant knowledge, qualifications and experiences in financial reporting, control and regulatory requirements.

Hayleys Group Services (Private) Limited, the Secretaries of the Company, act as the secretary to the Committee. The Chairman of the Board, Managing Director, Chief Executive Officer, Director Finance, Group CFO and Head-Group Management Audit & System Review attend all the meetings of the Committee by invitation.

Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee are updated. The Charter of the Committee was last reviewed and approved by the Board in February 2024. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

The Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued by Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Board Audit Committee.

Meeting of the Audit Committee

The Committee met four times during the year. The attendance of the members at these meetings is given in this Report.

Other members of the Board and the Management Committee of the Company, as well as the External Auditors were present at discussions where it was appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors. Audit committee meeting papers, including agenda, minutes and related reports and documents are circulated to the committee members in advance.

The Authority of the Audit Committee

- Recommend appointment, dismissal, service period and audit fee of the external auditors.

- The audit committee shall establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

Activities in 2023/24

Financial Reporting System

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors-in-charge of operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognized the adequacy of the content and quality of routine management information reports forwarded to its members.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that the Company adheres to the financial reporting requirements under the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and the Securities and Exchange Commission Act.

Internal Audits

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

Audit Committee Report

The Hayleys Group Management Audit & Systems Review Department reports on key control elements and procedures followed by the Company that are selected according to an annual audit plan. During the financial year 2023/24, 14 audits were performed. The Committee obtained significant findings and recommendations together with management's responses of the review of the internal controls carried out by internal auditors and provided recommendations for improvement.

A part of the Internal Audits were outsourced in FY 2023/24 to leading audit firms in line with an agreed annual group audit plan. The Committee also invited representatives from the audit firms to make presentations on their observations and findings.

Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

Risk Management and Internal Controls

The Committee obtained and reviewed statements from the Management identifying their respective major business risks, mitigatory action taken or contemplated for management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Company.

The Audit Committee also conducted ESG risk assessments during the year, thereby identifying, prioritizing and monitoring sustainability related risks and opportunities.

The Committee reviewed the risk management, internal controls, business continuity planning, information security system and potential cyber risks and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy were also carried out.

The Committee also reviewed the key audit observations made in respect of subsidiary companies.

External Audits

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of the Company. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial actions were recommended wherever necessary. The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been compromised.

The current auditors Messrs Ernst & Young was initially appointed as external auditors in 2012 and continue to hold that position at present. A partner rotation of the auditors takes place periodically a rotation of partner took place in the current financial year.

Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young continue as Auditors for the financial year ending 31 March 2025, after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the year FY 2023/24.

Compliance

The Committee obtained representations from the MD, CEO and Director - Finance of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by the Company certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates on HR and Legal regarding compliance matters.

Ethics and Good Governance

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, Internal Code

of Business conduct and Ethics, policy on Whistleblowing and Anti- Bribery and Corruption policies were put in place. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

Sri Lanka Accounting Standards

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors.

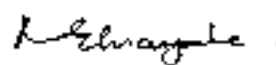
Progress of implementation of SLFRS: The Committee continuously monitored the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

Support to the Committee

The Committee received information and support from the Management during the year to enable it to carry out its duties and responsibilities effectively.

Evaluation of the Committee:

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.



Mr. N. Ekanayake
Chairman - Audit Committee

10 May 2024

Related Party Transactions Review Committee Report

Composition

The Related Party Transactions Review Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors and one Non-Executive Director.

The composition and attendance at the meeting is given below;

Committee Member	Attendance
Mr. N. Ekanayake ** (Chairman)	4/4
Mr. F. Mohideen *	4/4
Mr. M.C.B. Talwatte** (appointed to the Committee on 8th January 2024)	2/2
Mr. C.V. Cabraal* (stepped down from the Committee on 8th January 2024)	2/2

* Non-Executive Director

**Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director.

The Duties of the Committee

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'Competent Independent Advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

Task of the Committee

The Committee reviewed the related party transactions and their compliance and communicated to the Board.

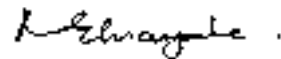
The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the management.

Disclosures

A detailed disclosure of all the related party transactions including recurrent and nonrecurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of CSE has been made in Note 32 to the financial statements given from page 261 to 263 in report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the report of the Board of Directors on page 189 of this Annual Report.



Mr. N. Ekanayake

*Chairman
Related Party Transactions Review
Committee*

10 May 2024

Remuneration Committee Report

The Remuneration Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors and One Non-Executive Director.

The composition and attendance at the meeting is given below;

Committee Member	Attendance
Mr. N. Ekanayake ** (Chairman)	2/2
Mr. F. Mohideen *	2/2
Mr. M.C.B. Talwatte** (appointed to the Committee on 8th January 2024)	1/1
Mr. C.V. Cabraal* (stepped down from the Committee on 8th January 2024)	1/1

* Non-Executive Director

**Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director.

The Chairman assists the Committee by providing relevant information and participating in its analysis and deliberations except when his own compensation package is reviewed.

The Remuneration Committee has well defined Terms of Reference. The members of the Committee are Non-Executive Directors and are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

Responsibilities of the Remuneration Committee

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors.

The Committee evaluates, assesses and recommend to the Board of Directors on any matter that may affect Human Resources.

Management of the Company and the Group and specifically include:

- Determining the compensation of the Managing Director, Executive Directors and the Management Committee.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Company/Group taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Review information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluate the performance of the Managing Director and Key Management Personnel against the predetermined targets and goals.
- Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- Approving annual salary increments and bonuses.

Remuneration Policy

The remuneration policy of the Group is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate

for business commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

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

All Non Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

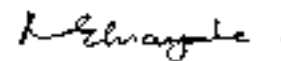
Activities In 2023/2024

During the year the Committee reviewed the performance of the Managing Director, Chief Executive Officer, Executive Directors and Management Committee based on the targets set in the previous year and determined the bonus payable and the annual increments.

Reviewed Executives' compensation and implemented market corrections to Executives total compensation in line with the market median.

Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.

The aggregate remuneration of the Executive and Non-Executive Directors for the Financial Year amounted to Rs. 56,647,045/-



Mr. N. Ekanayake
Chairman
Remuneration Committee

10 May 2024

Nominations and Governance Committee Report

The Nominations and Governance Committee, appointed by and responsible to the Board of Directors, comprises two Independent Non-Executive Directors and One Non-Executive Director.

The composition and attendance at the meeting is given below;

Committee Member	Attendance
Mr. N. Ekanayake ** (Chairman)	2/2
Mr. F. Mohideen *	2/2
Mr. M.C.B. Talwatte** (appointed to the Committee on 8th January 2024)	1/1
Mr. C.V. Cabraal* (stepped down from the Committee on 8th January 2024)	1/1

* Non-Executive Director

**Independent Non-Executive Director

The Chairman of the Committee is an Independent Non- Executive Director.

Duties of the Nominations and Governance Committee

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Boards overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the CEO of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Develop succession plans for Board of Directors and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

Disclosure of Activities

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to

discuss an important or critical matter with the Board.

Newly appointed Directors are given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company and its subsidiaries. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence / non-independence.

The fitness and propriety of the Directors were examined.

Re-Appointments / Re- Elections

One Third (1/3) of the all the directors except the Managing Director, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the AGM.

Accordingly, the Committee has recommended to re-elect Mr. A. Weerakoon and Mr. S.C. Ganegoda to the Board at the Annual General Meeting to be held on 24th June 2024, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. A. Weerakoon was appointed to the Board in December 2018, and last re-appointed as a Director in June 2022. His other directorships and other principal commitments are given in the profile on page 16.

Mr. S.C. Ganegoda was appointed to the Board in September 2009, and last re-appointed as a Director in June 2022. His other directorships and other principal commitments are given in the profile on page 16.

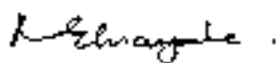
Nominations and Governance Committee Report

Directors Mr. S.P. Peiris, Mr. M.C.B. Talwatte and Mrs. S. Amarasekera, PC who were appointed to the Board on 3rd January 2024 will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 17 set out their other principal commitments and directorships.

Due to the invaluable contribution made to the Board as a result of his experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A.M. Pandithage and Mr. F. Mohideen who are over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 173 to 176.



Mr. N. Ekanayake
Chairman

Nominations and Governance Committee

10 May 2024

Statement by the Senior Independent Director

In order to comply with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 1 November 2023.

Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director (SID) shall be appointed. At Kelani Valley Plantations PLC although the Chairman is not the CEO, he is not an Independent Director.

Role of the Senior Independent Director

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

Activities During the Year

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

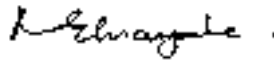
Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors. Discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and making a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



Mr. N. Ekanayake
Senior Independent Director

10 May 2024

Managing Directors', Chief Executive Officers', and Director - Finance's Responsibility Statement

The Financial Statements of Kelani Valley Plantations PLC and the Consolidated Financial Statements of the Group as at 31 March, 2024 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accounts of Sri Lanka;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange; and
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.
- Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

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

We have taken measures in installing systems of internal control and accounting records, to safe guard assets, and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurance that the established policies and procedures have been consistently followed was provided through periodic audits conducted by Hayleys Group Internal Auditors (MA & SRD) and our own staff. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets quarterly and additionally if required with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits, and to discuss auditing, internal control and financial

reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by Messrs Ernst & Young, Chartered Accountants, the Independent External Auditors. Their report is given on page 203 to 205 of the Annual Report.

The Audit Committee reviews the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services does not impair their independence.

We confirm that:

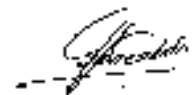
- The Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- There are no non-compliances; and
- There is no material litigation that is pending against the Group.



Roshan Rajadurai PhD, D.Sc.
Managing Director



Anura Weerakoon
Director / Chief Executive Officer



Vidura Weerabahu
Director - Finance

10 May 2024

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Financial Calendar

Financial Calendar	2023/24	2022/23
01st Quarter	08 August 2023	02 August 2022
02nd Quarter	02 November 2023	01 November 2022
03rd Quarter	23 January 2024	02 February 2023
Annual Report	10 May 2024	12 May 2023
Annual General Meeting	24 June 2024	26 June 2023

Date of Authorisation for Issue	Financial Year	Annual General Meeting
12 May 2023	2022/23	26 June 2023
10 May 2022	2021/22	28 June 2022
11 May 2021	2020/21	25 June 2021
09 June 2020	2019/20	23 July 2020
07 May 2019	2018/19	25 June 2019
09 May 2018	2017/18	22 June 2018
16 May 2017	2016/17	22 June 2017
11 May 2016	2015/16	16 June 2016
08 May 2015	2014/15	29 June 2015
13 February 2014	2013	28 March 2014
20 February 2013	2012	28 March 2013

Dividend	Rs. Per Share	Date of Announcement	Date of Payment
1st Interim Dividend	1.00	27 September 2023	23 October 2023
2nd Interim Dividend	0.25	29 December 2023	24 January 2024
3rd Interim Dividend	2.50	28 March 2024	29 April 2024

Independent Auditors' Report



Ernst & Young
Chartered Accountants
Rachana Towers
No. 133, Galle Road
P.O. Box 121
Colombo 03, Sri Lanka

Tel : +94 11 346 3500
Fax : +94 11 766 5854
Email: ey@ey.com

RDs/NG/WAD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KELANI VALLEY PLANTATIONS PLC

Report on the Financial Statements

OPINION

We have audited the financial statements of Kelani Valley 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 March 31, 2024, and statement of profit or loss the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter

How our audit addressed the key audit matter

Measurement of Retirement Benefit Obligation

As disclosed in note 26 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 1,264 Mn and represented 18% of total liabilities as of 31 March 2024. The value of retirement benefit obligation was based on the actuarial valuations carried out by an external valuer engaged by the Group.

This was a key audit matter due to:

- The materiality of the reported retirement benefit obligation balance; and
- The degree of management judgements, assumptions and estimation uncertainties associated with measurement of the retirement benefit obligation.

Key areas of significant assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary/ wage growth rate as disclosed in Notes 4.3 and 25 to the financial statements.

Our audit procedures included the following key procedures:

- Assessed the competence, capability and objectivity of the external actuary engaged by the Group.
- Checked the completeness and accuracy of the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records.
- Read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation.
- Assessed the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary/ wage growth rate in measuring the value of the retirement benefit obligation.

We also assessed the adequacy of the disclosures made in notes 4.3 and 25 to the financial statements.

For and on behalf of the Auditor, Ernst & Young Chartered Accountants, Rachana Towers, No. 133, Galle Road, P.O. Box 121, Colombo 03, Sri Lanka.

For and on behalf of the Company, Kelani Valley Plantations PLC, 100, Galle Road, P.O. Box 121, Colombo 03, Sri Lanka.

8 September 2024 (Ernst & Young Chartered Accountants)

Independent Auditors' Report



Key audit matter	How our audit addressed the key audit matter	
Assessment of the carrying value of bearer biological assets		
<p>As of 31 March 2024, the Group's bearer biological assets amounted to Rs. 3,992 Mn and represented 27% of the Group's total assets. Bearer Biological Assets comprised of Rs. 1,011 Mn Immature Plantations and Rs 2,981 Mn of Mature plantations, as disclosed in Notes 4.6 and 14.1 to the financial statements. This was a key audit matter due to:</p> <ul style="list-style-type: none"> • The materiality of the reported bearer biological asset balance; and • The degree of management's judgement involved in identification of costs to be capitalized as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Notes 4.6 and 14.1 to the financial statements. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of management's expense allocation process and evaluated the design of relevant key controls over the identification of expenses to be capitalized in relation to immature plantations. • Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence. • Tested transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations. • Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations. • Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements. <p>We also assessed the adequacy of the related disclosures made in Notes 4.6 and 14.1 to the financial statements.</p>	<p>report that fact. We have nothing to report in this regard.</p> <p>Responsibilities of management and those charged with governance</p> <p>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.</p> <p>In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.</p> <p>Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.</p>

OTHER INFORMATION INCLUDED IN THE COMPANY'S 2024 ANNUAL REPORT

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to

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 are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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 action taken to eliminate threats or safeguard applied.

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 M-2448.

10 May 2024
Colombo

Statement of Profit or Loss

		Group		Company	
For the year ended 31 March		2023/24	2022/23	2023/24	2022/23
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	6.1	19,968,249	20,704,226	7,432,010	8,389,910
Cost of sales		(16,925,211)	(17,045,866)	(6,083,562)	(6,317,776)
Gross profit	6.2	3,043,038	3,658,360	1,348,448	2,072,134
Gain on change in fair value of biological assets	14.2.1	3,405	36,592	3,405	36,592
Other income	7	210,098	213,062	332,497	693,401
Administrative expenses		(1,216,213)	(989,099)	(519,282)	(432,154)
Distribution expenses		(159,294)	(93,200)	-	-
Results from operating activities		1,881,034	2,825,715	1,165,068	2,369,973
Finance income	8.1	465,762	945,493	310,738	285,169
Finance expenses	8.2	(383,641)	(640,686)	(37,984)	(26,754)
Interest paid to Government on lease	8.3	(121,851)	(89,852)	(121,851)	(89,852)
Net finance income/(cost)	8	(39,730)	214,955	150,903	168,563
Share of profit from equity accounted investee		8,137	-	-	-
Profit before tax	9	1,849,441	3,040,670	1,315,971	2,538,536
Tax expense	10.1	(666,609)	(952,826)	(416,993)	(753,681)
Profit for the year		1,182,832	2,087,844	898,978	1,784,855
Attributable to:					
Equity holders of the Parent		1,173,435	2,087,384	898,978	1,784,855
Non-controlling interest		9,397	460	-	-
Profit for the year		1,182,832	2,087,844	898,978	1,784,855
Earnings per Share					
Basic earnings per share (Rs.)	11.1 (A)	17.26	30.70	13.22	26.25
Diluted earnings per share (Rs.)	11.1 (B)	17.26	30.70	13.22	26.25
Dividend per Share (Rs.)	11.2	-	-	3.75	10.00

Figures in brackets indicate deductions.

Notes to the Financial Statements from page 213 to 269 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Profit for the year		1,182,832	2,087,844	898,978	1,784,855
Comprehensive Income					
Comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Fair value gain on FVTOCI financial assets	15.3	26,255	6,050	-	-
Actuarial gain/(loss) on retirement benefit obligations	25	(193,097)	(104,469)	(190,919)	(102,726)
Income tax effect	10.2	57,929	21,295	57,276	30,818
Net exchange differences on translation of foreign operations		1,744	-	-	-
Comprehensive income for the year, net of tax		(107,169)	(77,124)	(133,643)	(71,908)
Total comprehensive income for the year, net of tax		1,075,663	2,010,720	765,335	1,712,947
Attributable to:					
Equity holders of the Parent		1,065,764	2,010,223	765,335	1,712,947
Non-controlling interest		9,899	497	-	-
Total comprehensive income for the year		1,075,663	2,010,720	765,335	1,712,947

Figures in brackets indicate deductions.

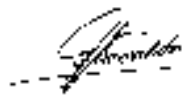
Notes to the Financial Statements from page 213 to 269 form an integral part of these Financial Statements.

Statement of Financial Position

		Group		Company	
		As at 31.03.2024 Rs. '000	As at 31.03.2023 Rs. '000	As at 31.03.2024 Rs. '000	As at 31.03.2023 Rs. '000
	Notes				
ASSETS					
Non-current assets					
Right-of-use Assets	12	770,009	597,533	770,009	597,533
Freehold property, plant & equipment	13	2,806,635	2,587,345	1,129,368	1,109,224
Bearer biological assets	14.1	3,991,849	3,985,445	3,991,849	3,985,445
Biological assets - consumable	14.2	271,184	237,603	271,184	237,603
Investments in subsidiaries	15.1	-	-	828,000	328,000
Investments in equity accounted investee	15.2	139,858	-	-	-
Other non-current financial assets	15.3	423,225	396,970	423,225	396,970
Intangible assets	16	36,377	38,673	-	-
Deferred tax assets	24	2,278	1,221	-	-
Total non-current assets		8,441,415	7,844,790	7,413,635	6,654,775
Current assets					
Produce on bearer biological assets	17.1	22,718	28,660	22,718	28,660
Inventories	17.2	2,039,119	2,359,023	1,128,332	1,170,979
Amounts due from subsidiaries	29.1	-	-	23,225	24,995
Amounts due from other related companies	29.2	116,653	57,876	40,080	14,343
Trade and other receivables	18	2,407,619	2,304,369	753,471	573,507
Short-term investments	20.1	1,528,627	1,539,471	1,177,950	1,445,448
Cash and cash equivalents	20.2	549,111	200,720	298,924	130,360
Total current assets		6,663,847	6,490,119	3,444,700	3,388,292
Total assets		15,105,262	14,334,909	10,858,335	10,043,067
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	340,000	340,000	340,000	340,000
Revenue reserves		7,523,982	6,815,218	5,201,046	4,792,711
Total equity attributable to equity holders of the company		7,863,982	7,155,218	5,541,046	5,132,711
Non-controlling interest		69,048	49,582	-	-
Total equity		7,933,030	7,204,800	5,541,046	5,132,711
Non-current liabilities					
Interest-bearing borrowings	22.1	62,604	17,456	-	3,375
Deferred income	23	655,491	653,266	655,491	653,266
Deferred tax liability	24.1	1,102,838	992,118	1,022,010	920,369
Retirement benefit obligations	25	1,263,546	1,077,144	1,192,959	1,021,131
Lease liability	26.3	854,897	631,871	854,897	631,871
Total non-current liabilities		3,939,376	3,371,855	3,725,357	3,230,012

	Notes	Group		Company	
		As at	As at	As at	As at
		31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Current liabilities					
Trade and other payables	27	1,757,152	1,773,310	1,298,304	1,306,207
Lease liability	26.3	8,239	19,963	8,239	19,963
Amounts due to subsidiaries	29.1	-	-	208	-
Amounts due to other related companies	29.1	130,341	80,200	93,725	50,276
Income tax payable	28.2	262,652	207,087	188,081	154,158
Interest-bearing borrowings payable within one year	22.1	53,458	110,097	3,375	4,500
Short-term interest bearing borrowings	22.2	1,020,781	1,416,682	-	-
Bank overdraft	20.3	233	150,915	-	145,240
Total current liabilities		3,232,856	3,758,254	1,591,932	1,680,344
Total liabilities		7,172,232	7,130,109	5,317,289	4,910,356
Total equity and liabilities		15,105,262	14,334,909	10,858,335	10,043,067
Net assets per share (Rs.)		115.65	105.22	81.49	75.48

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Vidura Weerabahu

Director - Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board,



A. M. Pandithage

Chairman



Roshan Rajadurai PhD, D.Sc.

Managing Director

Notes to the Financial Statements from page 213 to 269 form an integral part of these Financial Statements.

10 May 2024

Colombo

Statement of Changes in Equity

For the year ended 31 March

Attributable to equity holders of the parent

Group	Notes	Revenue reserves										Total equity
		Stated capital	General reserve	Re-valuation reserve	FVTOCI financial assets	Foreign		Bearer biological produce	Retained earnings	Non-controlling interest		
						Transaction reserve	Timber reserve					
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Balance as at 1 April 2022	21	340,000	1,700,000	53,935	89,347	-	161,299	16,980	3,531,434	5,892,995	49,085	5,942,080
Profit for the year		-	-	-	-	-	24,912	11,680	2,050,792	2,087,384	460	2,087,844
Comprehensive income		-	-	(10,034)	6,050	-	-	-	(73,177)	(77,161)	37	(77,124)
Dividends		-	-	-	-	-	-	-	(748,000)	(748,000)	-	(748,000)
Balance as at 31 March 2023		340,000	1,700,000	43,901	95,397	-	186,211	28,660	4,761,049	7,155,218	49,582	7,204,800
Profit for the year		-	-	-	-	-	9,347	(5,942)	1,170,030	1,173,435	9,397	1,182,832
Comprehensive income												
Actuarial gains on defined benefit plans		-	-	-	-	-	-	-	(193,067)	(193,067)	(30)	(193,097)
Financial assets		-	-	-	26,255	-	-	-	-	26,255	-	26,255
Income tax on comprehensive income	10.1	-	-	-	-	-	-	-	57,920	57,920	9	57,929
Net exchange differences on transaction of foreign operations		-	-	-	-	1,221	-	-	-	1,221	523	1,744
Total comprehensive income		-	-	-	26,255	1,221	-	-	(135,147)	(107,671)	502	(107,169)
Total Comprehensive income for the period		-	-	-	26,255	1,221	9,347	(5,942)	1,034,883	1,065,764	9,899	1,075,663
Dividend to equity holders	11.2	-	-	-	-	-	-	-	(357,000)	(357,000)	-	(357,000)
Total contributions by and distributions to owners		-	-	-	-	-	-	-	(357,000)	(357,000)	-	(357,000)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interest with a change in control		-	-	-	-	-	-	-	-	-	9,567	9,567
Balance as at 31 March 2024		340,000	1,700,000	43,901	121,652	1,221	195,558	22,718	5,438,932	7,863,982	69,048	7,933,030

Revenue reserves

Company	Notes	Revenue reserves						
		Stated capital	General reserve	Timber reserve	Bearer biological produce		Retained earnings	Total equity
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Balance as at 1 April 2022	21	340,000	1,700,000	161,299	16,980	1,949,485	4,167,764	
Profit for the year		-	-	24,912	11,680	1,748,263	1,784,855	
Comprehensive income		-	-	-	-	(71,908)	(71,908)	
Dividends		-	-	-	-	(748,000)	(748,000)	
Balance as at 31 March 2023		340,000	1,700,000	186,211	28,660	2,877,840	5,132,711	
Profit/(loss) for the year		-	-	9,347	(5,942)	895,574	898,978	
Comprehensive income								
Acturial gains on defined benifit plans		-	-	-	-	(190,919)	(190,919)	
Income tax on comprehensive income		-	-	-	-	57,276	57,276	
Total Comprehensive income		-	-	-	-	(133,643)	(133,643)	
Dividends	11.2	-	-	-	-	(357,000)	(357,000)	
Balance as at 31 March 2024		340,000	1,700,000	195,558	22,717	3,282,771	5,541,046	

General reserves set aside for future distribution and investment.

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

The bearer biological produce relates to change in fair value of harvestable produce growing on bearer biological assets.

Figures in brackets indicate deductions.

Notes to the Financial Statements from page 213 to 269 form an integral part of these Financial Statements.

Statement of Cash Flows

		Group		Company	
For the year ended 31 March		2023/24	2022/23	2023/24	2022/23
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities					
Profit before tax		1,849,441	3,040,670	1,315,971	2,538,536
Adjustments for;					
Interest on Government finance lease	8.3	121,851	89,852	121,851	89,852
Finance expenses	8.2	383,641	640,686	37,984	26,754
Finance income	8.1	(465,762)	(945,493)	(310,738)	(285,169)
Profit on disposal of property, plant & equipment	7	(21,875)	(2,754)	(7,043)	(1,475)
Net gains on fair value of biological assets		(3,405)	(36,592)	(3,405)	(36,592)
Dividend income	7	(38,870)	(25,916)	(194,080)	(535,856)
Depreciation		431,486	367,317	320,762	275,752
Amortisation of right-of-use assets		60,725	49,971	60,725	49,971
Amortisation of intangible assets	16	2,296	2,578	-	-
Share of profit from equity accounted investee		(8,137)	-	-	-
Provision for retirement benefit obligations		275,390	216,518	259,891	204,940
Amortisation of capital grants	23	(33,499)	(32,113)	(33,499)	(32,113)
Loss on amalgamation of subsidiary		-	-	-	174
Provision/(reversal) for obsolete inventories		(6,941)	25,925	(12,451)	25,411
Provision/(reversal) for doubtful debts		(558)	(1,883)	(707)	558
Operating profit before working capital changes		2,545,783	3,388,766	1,555,261	2,320,743
(Increase)/decrease in inventories		326,846	(529,700)	55,099	(485,324)
(Increase)/decrease in trade and other receivables		(102,693)	16,620	(118,057)	(116,380)
(Increase)/decrease in amounts due from related companies		(58,777)	167,000	(23,967)	137,582
Increase/(decrease) in trade and other payables		(162,133)	343,691	(212,901)	475,122
Increase/(decrease) in amount due to related companies		50,141	(2,554)	43,656	(17,141)
Cash generated from operating activities		2,599,167	3,383,823	1,299,091	2,314,602
Interest paid on Government lease	8.3	(121,851)	(89,852)	(121,851)	(89,852)
Interest paid		(120,371)	(216,792)	(33,131)	(26,754)
Taxes paid		(411,208)	(274,581)	(219,132)	(35,309)
Retirement benefit obligations paid	25	(282,085)	(278,132)	(278,983)	(274,635)
Net cash flow from operating activities		1,663,652	2,524,466	645,994	1,888,052
Cash flows from investing activities					
Field development expenditure	14.1	(222,210)	(289,042)	(222,210)	(289,042)
Interest received	8.1	297,631	221,134	283,352	193,615
Dividend received		38,870	25,916	132,880	535,856
Acquisition of property, plant & equipment		(504,004)	(669,225)	(123,814)	(312,775)
Proceeds from disposal of property, plant & equipment		27,397	7,566	9,042	1,475
Investment in subsidiaries		-	-	(500,000)	-
Investments in equity accounted investee		(139,858)	-	-	-
Net cash used in investing activities		(502,174)	(703,651)	(420,750)	129,129
Net cash Inflow/(outflow) before financing activities		1,161,478	1,820,815	225,244	2,017,181

Statement of Cash Flows

		Group		Company	
For the year ended 31 March		2023/24	2022/23	2023/24	2022/23
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from financing activities					
Dividend paid		(184,540)	(709,417)	(184,540)	(709,417)
Capital settlement of net liability to lessor		(21,900)	(17,441)	(21,900)	(17,441)
Exchange gain/(loss)		(95,140)	300,464	(3,722)	85,504
Short-term loans obtained during the year		3,846,795	8,577,535	200,000	-
Short-term loans repaid during the year		(4,242,696)	(9,006,122)	(200,000)	(250,000)
Long-term loans obtained during the year	22.1	150,250	-	-	-
Long-term loans repaid during the year	22.1	(161,742)	(227,964)	(4,500)	(31,072)
Grants received	23	35,724	12,941	35,724	12,941
Net cash used in financing activities		(673,249)	(1,070,004)	(178,938)	(909,485)
Net increase/(decrease) in cash and cash equivalents		488,229	750,811	46,306	1,107,696
Cash and cash equivalents at the beginning of the period		1,589,276	838,465	1,430,568	322,871
Cash and cash equivalents at the end of the period (Note A)		2,077,505	1,589,276	1,476,874	1,430,568
Note A: Analysis of cash and cash equivalents					
Cash and bank balances	20.2	549,111	200,720	298,924	130,360
Short-term deposits	20.1	1,528,627	1,539,471	1,177,950	1,445,448
		2,077,738	1,740,191	1,476,874	1,575,808
Bank overdraft	20.3	(233)	(150,915)	-	(145,240)
Cash and cash equivalents		2,077,505	1,589,276	1,476,874	1,430,568

Figures in brackets indicate deductions.

Notes to the Financial Statements from page 213 to 269 form an integral part of these Financial Statements.

Note to the Financial Statements

1. REPORTING ENTITY

Kelani Valley Plantations PLC was incorporated on 18 June, 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No 400, Deans Road, Colombo 10 and Plantations are situated in the planting districts of Nuwara Eliya, Hatton and Yatiyantota.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The Consolidated Financial Statements of Kelani Valley Plantations PLC., as at and for the year ended 31 March 2024 comprise the Company and its Subsidiaries namely, Kalupahana Power Company (Pvt) Ltd. ("KPC"), Mabroc Teas (Pvt) Ltd. ("MTPL") and Kelani Valley Resorts (Pvt) Ltd. ("KVRL").

The Financial Statements of all companies in the Group are prepared for a common financial year, which ends on 31 March.

1.1 Principle Activities and Nature of the Operations

During the year, the principle activities of the Company were the producing and processing of Tea and Rubber.

Principle activities of other companies in the Group are as follows.

Company	Nature of the Business/ Principle Place of Business
Kalupahana Power Company (Pvt) Ltd.	Generating Hydropower Kalupahana Estate, Bulathkohupitiya
Mabroc Teas (Pvt) Ltd.	Export of Bulk and Retail Packed Tea No.57/3 New Hunupitiya Road, Kiribathgoda
Kelani Valley Resorts (Pvt) Ltd.	Provide Services in the Hospitality Industry Oliphant Estate, Nuwara Eliya

1.2 Holding Company

The Company is a subsidiary of DPL Plantations (Pvt) Ltd., which is a wholly-owned subsidiary of Dipped Products PLC (DPL) whose ultimate parent enterprise is Hayleys PLC.

1.3 Date of Authorisation for issue

The Financial Statements of Kelani Valley Plantations PLC for the period ended 31 March 2024, were authorised for issue in accordance with a resolution of the Board of Directors on 10 May 2024.

1.4 Responsibility for Financial Statements

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

2. BASIS OF PREPERATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.

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

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

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

The following amendments and improvements do not have a significant impact on the Company's Financial Statements during the year ended 31 March 2024.

- Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to LKAS 16 - Property, Plant & Equipment: Proceeds before Intended Use
- Amendments to SLFRS 3 Business Combinations: Updating a Reference to Conceptual Framework

Note to the Financial Statements

2.4 Functional and Presentation Currency

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

2.5 Materiality and Aggregation

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Going Concern

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

3.2 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2024. Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

Company level investments in subsidiaries are recognised at cost.

3.2.1 Business Combinations and Goodwill

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all

of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Statement of Profit or Loss.

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

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

3.3 Current versus Non-Current Classification

The Group presents assets and liabilities in Statement of Financial Position based on current/ non-current classification. An asset as current when it is:

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

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

3.4 Fair Value Measurement

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

- Managed Consumable Biological Assets Note 14.2.
- Produce Growing on Bearer Biological Assets Note 17.1.

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

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

The principle or the most advantageous market must be accessible by the Group.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

External valuers are involved for valuation of significant assets, such as managed consumable biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Management Committee

Note to the Financial Statements

decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

3.5 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to Statement of Profit or Loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss

on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit or Loss are also recognised in OCI or Statement of Profit or Loss, respectively).

3.6 Cash Dividend and Non-Cash Distribution to Equity Holders of the Parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit or Loss.

3.7 Property, Plant & Equipment

The Group applies the requirements of LKAS 16 on 'Property, Plant and Equipment' in accounting for its assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

3.7.1 Basis of Recognition

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

3.7.2 Measurement

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

3.7.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which

takes a substantial period of time to get ready for its intended use or sale are capitalised as a part of the asset.

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

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

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised 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 to capitalised and the capitalisation rates are disclosed in Notes to the Financial Statements.

3.7.4 Owned Assets

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

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All

other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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.

3.7.5 Leases

The Group assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

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

3.7.5.1 Right-of-Use Assets

The Group recognises right-to-use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use of assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.7.5.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because of the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.7.6 De-Recognition

An item of Property, Plant and Equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is de-recognised and gains are not classified as revenue.

3.7.7 Land Development Cost

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

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

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

3.7.8 Biological Assets

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

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

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

3.7.8.1 Bearer Biological Asset

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

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

3.7.8.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

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

3.7.8.3 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees is measured using Market Approach by an independent professional valuer. Accordingly, the timber trees which have reached their

maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. The timber trees which have not reached to the harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rationale investor. All other assumptions and sensitivity analysis are given in Note 14.2.

The main variables in Market Approach model concerns

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

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

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

3.7.8.4 Nursery Plants

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

3.7.9 Depreciation and Amortisation

(a) Depreciation

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

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

Assets Category	No. of Years	Rate (%)
Buildings & Roads	40	2.50
Plant & Machinery	20	5.00
Plant & Machinery-Effluent Treatment Plant	10	10.00
Electronic Machinery	10	10.00
Hydro Power Plant	30	3.33
Motor Vehicles-Utility	10	10.00
Motor Vehicles-Supervisory	5	20.00
Equipment	4	25.00
Furniture & Fittings	10	10.00
Sanitation, Water & Electricity Supply	20	5.00
Computer Accessories	4	25.00
Tea Bagging Machines	15	6.67
Intangible assets	5	20.00

Property, Plant and Equipment are depreciated over their useful lives or unexpired lease period, whichever is less.

Mature Plantations (Replanting and New Planting)

Mature Plantations	No. of Years	Rate (%)
- Tea	33 1/3	3.00
- Rubber & Cinnamon	20	5.00

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

No depreciation is provided for immature plantations.

(b) Amortisation

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

Assets Category	No. of Years	Rate (%)
Right of Use land	53	1.89
Right of Use Building	05	20.00
Bearer Biological asstes	30	3.33
Mature Plantations (Tea & Rubber)	30	3.33
Buildings	25	4.00
Machinery	20	5.00

3.7.9.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.7.10 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of Profit or Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category

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that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

3.8 Financial Instruments

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

3.8.1 Financial Assets

3.8.1.1 Initial Recognition and Measurement

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

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

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

The Group's financial assets include cash and short-term deposits, investments, trade and other receivables.

3.8.1.2 Subsequent Measurement

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

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

(a) Financial Assets at Amortised Cost (Debt Instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

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

(b) Financial Assets at Fair Value Through OCI (Debt Instruments)

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

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

and

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

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

The Group does not have any debt instruments at fair value through OCI.

(c) Financial Assets at Fair Value Through OCI

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividend is recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group has opted to classify investment in shares of Martin Bauer Hayleys (Pvt) Ltd under Financial assets at fair value through OCI.

(d) Financial Assets at Fair Value Through Profit or Loss

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

fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principle and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss. The Company has opted to classify investment in shares of Martin Bauer Hayleys (Pvt) Ltd. under financial assets at fair value through profit or loss.

3.8.1.3 De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of

ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3.8.1.4 Impairment of Financial Assets

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

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

3.8.2 Financial Liabilities

3.8.2.1 Initial Recognition and Measurement

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

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

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

3.8.2.2 Subsequent Measurement

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

(a) Financial Liabilities at Fair Value Through Profit or Loss

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

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

Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

(b) Financial Liabilities at Amortised Cost

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

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

3.8.2.3 De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange

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or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

3.8.3 Offsetting of Financial Instruments

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

Financial Risk Management objectives and policies have been disclosed under Note 36.

3.9 Harvestable Agricultural Produce Growing on Bearer Biological Assets

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

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

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

- Tea - Bought leaf rate less cost of harvesting & transport.
- Rubber - Latex price (92.5% of current RSS1 Price) less cost of tapping & transport.

3.10 Inventories

(a) Finished Goods Manufactured from Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling

price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

(b) Input Material, Spares and Consumables

At actual cost on weighted average basis.

(c) Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

3.11 Cash and Cash Equivalents

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market

transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

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

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.14 Employees Benefits

(a) Defined Contribution Plans - Provident Funds and Trust Fund

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

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

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

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past service costs are recognised immediately in Statement of Profit or Loss.

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

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 25.

3.15 Capital Commitments and Contingencies

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

3.16 Events Occurring after the Reporting Date

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

3.17 Earnings per Share

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

3.18 Deferred Income

3.18.1 Grants and Subsidies

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

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows: Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings	40 years
Sanitation & water supply	20 years
Plant & equipment	13 1/3 years

Note to the Financial Statements

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

3.19 Statement of Profit or Loss

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

3.19.1 Revenue

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

The Group is in the business of cultivation, manufacture and sale of Black Tea, Rubber and Other crops (Plantation Produce). Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principle in its revenue arrangements, because it typically controls the goods before transferring them to customer.

3.19.1.1 Revenue from Contracts with Customers

● Sale of Plantation Produce

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

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

The Mabroc Teas (Pvt) Ltd ("Subsidiary") is the most significant revenue contributor to the Group's revenue and they are recognised their export revenue at a point in time when control of the goods is transferred to the customer, generally on delivery/ handed over to the shipper.

● Rendering of Services

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

● Fee from Management Services

Fee from management services is recognised as revenue over the time during the period in which the services are rendered.

3.19.1.2 Other Source of Income

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

● Rental Income

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

● Dividend Income

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

● Interest Income

Interest income is recognised based on effective interest method.

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

Interest income of financial assets at amortised cost is calculated by using the

effective interest method and is recognised as other income.

3.19.2 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the year.

3.19.2.1 Financing Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Foreign currency gains and losses are reported on a net basis.

3.19.2.2 Taxes

3.19.2.2.1 Current Income Tax

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

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

3.19.2.2.2 Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.20 Statement of Cash Flow

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

3.21 Segment Reporting

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

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

The activities of the segments are described in Note 35 in the Notes to the Financial Statements. The Group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

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

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

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

Note to the Financial Statements

4. USE OF ESTIMATES AND JUDGMENTS

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

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

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

4.1 Taxation

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

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019. In addition to above the prevailing tax rate was 30%. This was increased with effect from 01 October 2023 to 30%.

4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is

realised or the liability is settled, based on tax rates (tax laws) that have been enacted or substantively enacted at the reporting date.

4.3 Measurement of Retirement Benefit Obligation

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

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

Further details about Retirement Benefit Obligations are provided in Note 25.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

4.5 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 14.2.

4.6 Bearer Biological Assets

A mature plantation is an area of land developed with crops such as tea, rubber and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plants, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

4.7 Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

5. STANDARD ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed

below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 - Insurance Contracts that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group.

5.2 Amendment to LKAS 1 - Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group financial statement.

5.3 Amendments to LKAS 7 and SLFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group financial statement.

Note to the Financial Statements

5.4 Amendment to SLFRS 16 - Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group financial statement.

5.5 Amendments to LKAS 12 - International Tax Reform-Pillar Two Model Rule

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group financial statement.

6. REVENUE

6.1 Industry Segment Revenue

	Group		Company	
For the year ended 31 March	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Tea	18,167,886	18,745,385	5,577,318	6,121,721
Rubber	1,824,638	2,224,238	1,824,638	2,224,238
Others	145,795	104,000	30,054	43,951
Less: Intra-group sales	(170,070)	(369,397)	-	-
	19,968,249	20,704,226	7,432,010	8,389,910
6.2 Industry Segment Results (Gross Profit)				
Tea	2,796,169	3,465,724	1,192,802	1,919,660
Rubber	154,835	151,940	154,835	151,940
Others	92,034	40,696	811	534
	3,043,038	3,658,360	1,348,448	2,072,134

7. OTHER INCOME

	Group		Company	
For the year ended 31 March	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Profit on disposal of property, plant & equipment	21,875	2,754	7,043	1,475
Lease / rent income	51,559	59,677	51,559	59,677
Dividend income	38,870	25,916	194,080	535,856
Hydro power & solar income	4,988	8,508	6,316	3,730
Amortisation of Government grants	33,499	32,113	33,499	32,113
Sale of timber	1,597	12,560	1,597	12,560
Facilitation Fee	-	737	-	-
Sundry income	57,710	70,797	38,403	47,990
	210,098	213,062	332,497	693,401

There are no unfulfilled conditions or contingencies attached to the grants.

Note to the Financial Statements

8. NET FINANCE COST

8.1 Finance Income

For the year ended 31 March	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Interest income	297,631	221,134	283,352	193,615
Gain on FVTPL financial asset	-	-	26,255	6,050
Foreign exchange gain	168,131	724,359	1,131	85,504
	465,762	945,493	310,738	285,169
8.2 Finance Expenses				
Interest on term loans	(18,941)	(40,675)	(367)	(1,831)
Interest on overdraft and short-term loans	(98,604)	(172,113)	(31,752)	(22,115)
Foreign exchange loss	(263,270)	(423,894)	(4,853)	(119)
Interest expense on corporate guarantee	(1,814)	(1,315)	-	-
Interest paid on lease	(1,012)	(2,689)	(1,012)	(2,689)
	(383,641)	(640,686)	(37,984)	(26,754)
8.3 Interest paid to Government on lease				
	(121,851)	(89,852)	(121,851)	(89,852)
	(121,851)	(89,852)	(121,851)	(89,852)
Net finance cost	(39,730)	214,955	150,903	168,563

9 PROFIT BEFORE TAXATION

Profit before tax is stated after charging all expenses including the following:

For the year ended 31 March	Notes	Group		Company	
		2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Directors' emoluments		143,157	126,843	56,647	52,999
Auditor's remuneration					
- Audit services		9,508	7,884	7,304	6,351
- Non-audit services		2,839	1,332	940	626
Depreciation and Lease Amortisation					
- Right-of-use asset-land	12.1.A	35,997	25,397	35,997	25,397
- Right-of-use asset-building	12.1.B	12,145	11,966	12,145	11,966
- Right-of-use asset-Immovable assets	12.2.1/12.2.2	12,583	12,608	12,583	12,608
- Amortisation of intangible assets	16	2,296	2,578	-	-
- Tangible property, plant & equipment	13	239,915	183,617	129,190	92,052
- Bearer biological assets	14.1	191,571	183,700	191,571	183,700
Staff Costs					
- Defined contribution plan costs (EPF, CPPS, ESPS & ETF)		428,690	412,988	399,455	387,895
- Defined benefit plan cost (Retirement benefit obligations)	25	275,390	216,517	259,891	204,941
- Salaries and wages and other staff costs		3,473,335	2,879,479	3,218,808	2,693,096
- Staff training & development cost		7,294	3,718	4,822	2,789
Legal fees		46,917	13,985	45,263	13,985
Provision/(reversal) for bad & doubtful debts		(558)	(1,883)	(707)	558
Provision/(reversal) for obsolete inventories		(6,941)	25,925	(12,451)	25,411

10. TAX EXPENSE

10.1 Statement of Profit or Loss

For the year ended 31 March			Group		Company	
			2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Notes						
(I) Current Tax Expense						
Income tax on current year profit	Company	10. A	(257,933)	(176,796)	(257,933)	(176,796)
	Subsidiaries	10. A	(215,901)	(194,652)	-	-
			(473,834)	(371,448)	(257,933)	(176,796)
(Under)/over provision in respect of previous years			2,197	(13,306)	(143)	(12,671)
			(471,637)	(384,754)	(258,076)	(189,467)
(II) Deferred Tax Expense						
Origination and reversal of temporary difference of	Company		(158,917)	(564,214)	(158,917)	(564,214)
	Subsidiaries		(8,665)	(3,858)	-	-
		24	(167,582)	(568,072)	(158,917)	(564,214)
Tax on dividend income			(27,390)	-	-	-
Tax expense reported in the Statement of Profit or Loss			(666,609)	(952,826)	(416,993)	(753,681)
10.2 Statement of Comprehensive Income						
Net (gain)/loss on actuarial (gain)/loss on defined benefit plans	Company		57,276	30,818	57,276	30,818
	Subsidiaries		653	511	-	-
Revaluation of land	Subsidiaries		-	(10,034)	-	-
Tax charged directly to other comprehensive income		24	57,929	21,295	57,276	30,818

The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act. No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019. The Company has used the tax rate 30% as per the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022 for Agro processing income (with retrospective effect from 01 October 2022) for income taxation.

Deferred taxes of the Company is computed at the rate of 30% (2022/23- 30%)

KPC has used the tax rate 30% as per Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income and deferred taxation.

The Mabroc Teas (Pvt) Ltd. has used the 30% tax rate as per the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income and deferred taxation.

KVR is liable to income tax rate of 30% as per the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022 (with retrospective effect from 01 October 2022).

Note to the Financial Statements

10. TAX EXPENSE (CONTD.)

(A) Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31 March	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Profit before tax	1,849,441	3,040,670	1,315,971	2,538,536
Aggregate disallowable expenses/investment income	1,410,674	1,727,626	1,021,026	1,335,376
Aggregate tax deductible expenses	(1,403,360)	(1,738,024)	(1,204,668)	(1,554,112)
Aggregate exempted/non taxable income	(4,835)	(24,129)	(294)	(24,122)
Total assessable income	1,851,920	3,006,142	1,132,035	2,295,678
Tax exempt income from agro farming	271,814	1,235,751	271,814	1,235,751
Tax exempt income from foreign interest	294	24,122	294	24,122
Taxable income from agro processing	574,809	341,802	574,809	341,802
Taxable income from subsidiaries	710,268	737,388	-	-
Tax effect on qualifying relief	150	-	150	-
Other source of income	294,585	691,199	284,968	694,003
Total assessable income	1,851,920	3,030,262	1,132,035	2,295,678
Tax exempt income	(272,108)	(1,277,546)	(272,108)	(1,259,873)
Tax effect on qualifying relief	(366)	(1,456)	(150)	-
Total taxable income	1,579,446	1,751,260	859,777	1,035,805
Income tax @ 10.50%	-	17,945	-	17,945
Income tax @ 14%	-	178,440	-	37,510
Income tax @ 15%	-	40,189	-	40,189
Income tax @ 18%	-	4,568	-	-
Income tax @ 22.50%	-	38,453	-	38,453
Income tax @ 24%	-	23,394	-	18,978
Income tax @ 30%	473,834	68,460	257,933	23,722
Income tax on current year profit	473,834	371,448	257,933	176,796
(Over)/under provision in respect of previous years	(2,197)	13,306	143	12,671
Tax on dividend income	27,390	-	-	-
Tax expense	499,027	384,754	258,076	189,467
Effective tax rate	27%	13%	20%	7%

(B) Tax Losses

For the year ended 31 March	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	-	(26,613)	(25,049)	-
Due to amalgamation	-	25,049	-	(25,049)
Adjustment for tax loss during the year	-	1,564	-	-
	-	-	(25,049)	(25,049)
Tax loss for the year	-	-	-	-
Loss write off	-	-	25,049	-
Loss set-off during the year	-	-	-	-
	-	-	25,049	-
As at 31 March	-	-	-	(25,049)

11. EARNINGS PER SHARE AND DIVIDEND PER SHARE**11.1 Earnings per Share****(A) Basic Earnings per Share**

The computation of the basic earnings per share is based on profit attributable to ordinary shareholders for the period divided by weighted average number of ordinary shares outstanding during the period and calculated as follows,

For the year ended 31 March	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Amount used as the Numerator				
Profit attributable to ordinary shareholders (Rs. '000)	1,173,435	2,087,384	898,978	1,784,855
Amount used as the Denominator				
Weighted average number of ordinary shares ('000)	68,000	68,000	68,000	68,000
Basic earnings per share (Rs.)	17.26	30.70	13.22	26.25

(B) Diluted Earnings per Share

The calculation of diluted earnings per share is based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive shares outstanding at any time during the financial year.

11.2 Dividend per Share

	Company	
	2023/24	2022/23
First interim dividend Rs.1/- per share, Second interim dividend Rs.0.25 per share & Third interim dividend Rs.2.50 per share (2022/23-First interim dividend Rs.2.50 per share, Second interim dividend Rs.3/- per share, Third interim dividend Rs.3/- per share Final dividend Rs. 1.50 per share)(Rs. '000)	255,000	680,000
Number of ordinary shares ('000)	68,000	68,000
Dividend per share (Rs.)	3.75	10.00

Note to the Financial Statements

12. RIGHT OF USE ASSETS

	Notes	Group/Company	
		2023/24 Rs. '000	2022/23 Rs. '000
Right-of-use of land	12.1.A	755,930	558,726
Right-of-use of building	12.1.B	-	12,145
Right-of-use asset-Immovable bearer biological assets	12.2.1	14,079	26,662
		770,009	597,533

12.1.A Right-of-use land

This Right-of-use asset-land is amortised over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the "Right-of-use asset-land" could be made to the extent that the change relate to the future period on the reassessment of lease liability. The lease liability as at 01 April 2023 has been reassessed under the provisions of SLFRS 16 and both "Right-of-use asset-land" and "Lease Liability" has been enhanced. "Right-of-use asset-land" have been executed for all estates for a period of 53 years.

The effect to the Statement of Financial Position and amortisation of the right-of-use of land up to 31 March 2024 are as follows:

	Group/Company	
	2023/24 Rs. '000	2022/23 Rs. '000
Capitalised Value		
As at 1 April	651,445	599,565
Adjustment on reassessment of lease liability	233,201	51,880
As at 31 March	884,646	651,445
Amortisation		
As at 1 April	92,719	67,322
Amortisation for the year	35,997	25,397
As at 31 March	128,716	92,719
Carrying amount	755,930	558,726

The unexpired period of the lease as at the Statement of Financial Position date is 21 years.

The Company has sub leased an extent of 1.0127 hectares in Ingestre Estate and 2.2247 hectares in Blinkbonnie Estate to Martin Bauer Hayleys (Pvt) Ltd.

12.1.B Right-of-use asset-Building

Kelani Valley Plantations PLC (Head Office) as a tenant, occupying a building which belongs to Hayleys PLC (Ultimate Parent). The effect to the Statement of Financial Position and depreciation of building to 31 March 2024 are as follows:

	Group/Company	
	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	52,993	52,459
Adjustment on reassessment of lease liability as at 01 October 2022	-	534
As at 31 March	52,993	52,993
Amortisation		
As at 1 April	40,848	28,882
Amortisation for the year	12,145	11,966
As at 31 March	52,993	40,848
Carrying amount	-	12,145
Total Carrying Amount of Right-of-use asset-Land & Building	755,930	570,871

12.2 Right-of-use asset-Immovable assets

12.2.1. Right-of-use asset-Immovable Bearer Biological Assets

	Mature Plantations		Group/Company	
	Tea Rs. '000	Rubber Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
As at 31 March				
Capitalised Value (18 June, 1992)	213,541	178,145	391,686	391,686
Amortisation				
As at 1 April	195,102	169,922	365,024	352,440
Amortisation for the year	6,814	5,769	12,583	12,584
As at 31 March	201,916	175,691	377,607	365,024
Carrying amount	11,625	2,454	14,079	26,662

Investment in immature plantations at the time of handing over to the Company as at 18 June, 1992 by way of estate leases were shown under immature plantations.

However, since then all such investments in immature plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further, investments in such plantations to bring them to maturity are shown under Note 14.

Note to the Financial Statements

12. RIGHT OF USE ASSETS (CONTD.)

12.2.2. Right-of-use asset-Immovable assets (other than Right-of-use asset Land, Building and Bearer Biological Assets)

	Group/Company				
	Land development Rs. '000	Buildings Rs. '000	Machinery Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Capitalised Value					
(18 June, 1992)	3,455	84,600	23,094	111,149	111,149
Amortisation					
As at 1 April	3,455	84,600	23,094	111,149	111,125
Amortisation for the year	-	-	-	-	24
As at 31 March	3,455	84,600	23,094	111,149	111,149
Carrying amount	-	-	-	-	-

13. FREEHOLD PROPERTY, PLANT & EQUIPMENT

(A) Group

As at 31 March	2023/24										2022/23
	Land Rs. '000	Buildings Rs. '000	Plant & machinery Rs. '000	Hydro power plant Rs. '000	Motor vehicles Rs. '000	Furniture & fittings Rs. '000	Equipment Rs. '000	Computers Rs. '000	Others Rs. '000	Total Rs. '000	Total Rs. '000
Cost											
As at 1 April	542,000	1,184,699	1,611,024	133,017	506,042	209,412	130,050	32,941	39,655	4,388,840	3,880,768
Additions during the year	205,323	20,467	8,281	-	173,508	26,492	3,588	3,599	-	441,258	618,862
Additions due to amalgamation	-	-	-	-	-	-	-	-	-	-	8,738
Disposals/Discard	-	-	(66,661)	-	(28,742)	(552)	-	-	-	(95,955)	(119,528)
As at 31 March	747,323	1,205,166	1,552,644	133,017	650,808	235,352	133,638	36,540	39,655	4,734,143	4,388,840
Depreciation											
As at 1 April	-	383,217	773,105	76,273	323,760	128,633	115,906	23,205	32,386	1,856,485	1,778,698
Charge for the year	-	39,916	100,822	4,434	57,496	26,446	5,654	4,017	1,130	239,915	183,617
Disposals/Discard	-	-	(58,500)	-	(22,344)	(548)	-	-	-	(81,392)	(105,830)
As at 31 March	-	423,133	815,427	80,707	358,912	154,531	121,560	27,222	33,516	2,015,008	1,856,485
Net book value	747,323	782,033	737,217	52,310	291,896	80,821	12,078	9,318	6,139	2,719,135	2,532,354
Work-in-Progress (a)										87,500	54,990
Carrying amount										2,806,635	2,587,345

(a) Work-in-Progress

Group				Company			
Balance as at 01.04.2023 Rs. '000	Additions for the year Rs. '000	Transfers/ Disposals Rs. '000	Balance as at 31.03.2024 Rs. '000	Balance as at 01.04.2023 Rs. '000	Additions for the year Rs. '000	Transfers/ Disposals Rs. '000	Balance as at 31.03.2024 Rs. '000
54,990	(67,866)	100,376	87,500	49,987	(68,767)	96,286	77,506
54,990	(67,866)	100,376	87,500	49,987	(68,767)	96,286	77,506

(B) Company

As at 31 March

2023/24 2022/23

	Buildings Rs. '000	Plant & machinery Rs. '000	Motor vehicles Rs. '000	Furniture & fittings Rs. '000	Equipment Rs. '000	Computers Rs. '000	Others Rs. '000	Total Rs. '000	Total Rs. '000
Cost									
As at 1 April	834,150	891,971	453,346	8,521	120,462	31,803	39,655	2,379,908	2,158,620
Additions during the year	16,081	-	99,018	2,060	3,210	3,446	-	123,815	274,824
Additions due to amalgamation	-	-	-	-	-	-	-	-	8,738
Disposals/Discard	-	-	(17,542)	-	-	-	-	(17,542)	(62,274)
As at 31 March	850,231	891,971	534,822	10,581	123,672	35,249	39,655	2,486,181	2,379,908
Depreciation									
As at 1 April	327,257	534,549	287,169	7,315	109,855	22,140	32,386	1,320,671	1,290,893
Charge for the year	22,963	50,301	46,267	285	4,258	3,986	1,130	129,190	92,052
Disposals/Discard	-	-	(15,542)	-	-	-	-	(15,542)	(62,274)
As at 31 March	350,220	584,850	317,894	7,600	114,113	26,126	33,516	1,434,319	1,320,671
Net book value	500,011	307,121	216,928	2,981	9,559	9,123	6,139	1,051,862	1,059,237
Work-in-Progress								77,506	49,987
Carrying amount								1,129,368	1,109,224

- (a) The assets shown above are those movable assets vested in the Company by Gazette notification on the date of formation of the Company (18 June 1992) and all investment in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Note 12.
- (b) The cost of fully depreciated Property, Plant and Equipment which are still in use as at date of Statement of Financial Position is as follows,

	Group		Company	
As at 31 March	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Computers	18,374	19,557	18,253	16,503
Equipment	172,616	150,697	109,150	100,765
Furniture & fittings	43,649	43,343	5,889	5,818
Motor vehicles	263,787	262,122	255,903	255,255
Mature plantations	196,171	163,638	196,171	163,638
Plant & machinery	240,913	244,444	240,913	216,533
Intangible assets	5,598	2,933	-	-
Others	18,318	16,626	18,318	16,626
	959,426	903,360	844,597	775,138

(C) Unexpired lease periods of land:

Kelani Valley Plantations PLC	21 years
Kalupahana Power Company (Pvt) Ltd.	21 years

Note to the Financial Statements

14. BIOLOGICAL ASSETS

14.1 Improvements to Leasehold Property (Bearer Biological Assets)

									Group/Company	
	Immature Plantations				Mature Plantations				2023/24	2022/23
	Tea Rs. '000	Rubber Rs. '000	Other Rs. '000	Total Rs. '000	Tea Rs. '000	Rubber Rs. '000	Other Rs. '000	Total Rs. '000		
Cost										
As at 1 April	131,551	625,029	303,735	1,060,313	1,149,942	3,026,715	236,445	4,413,102	5,473,417	5,184,375
Additions during the year	-	112,904	109,306	222,210	-	-	-	-	222,210	292,507
Removal	-	-	-	-	-	-	-	-	-	(3,465)
Transfers (from)/to	-	(226,020)	(21,763)	(247,783)	-	226,020	21,763	247,783	-	-
Inter crop transfers	-	-	(24,235)	(24,235)	-	-	-	-	(24,235)	-
As at 31 March	131,551	511,913	367,043	1,010,507	1,149,942	3,252,735	258,208	4,660,885	5,671,392	5,473,417
Depreciation										
As at 1 April	-	-	-	-	443,330	1,026,592	18,050	1,487,972	1,487,972	1,304,272
Charge for the year	-	-	-	-	36,968	142,778	11,825	191,571	191,571	183,700
As at 31 March	-	-	-	-	480,298	1,169,370	29,875	1,679,543	1,679,543	1,487,972
Carrying amount	131,551	511,913	367,043	1,010,507	669,644	2,083,365	228,333	2,981,342	3,991,849	3,985,445

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 Note 12 to the Financial Statements. Further, investments 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.

The Company policy is capitalised borrowings cost on specific borrowing only. However, borrowing costs were not capitalised during the year under Immature Plantations (2022/23 - Nil).

The addition of Rs. 222 m (2022/23 - Rs. 292 m) shown above includes the following costs among other costs incurred during the year in respect of Uprooting and Planting of Tea, Rubber and Others.

		Group/Company			
As at 31 March		2023/24		2022/23	
		Extent - ha	Rs. '000	Extent - ha	Rs. '000
Planting	Tea	-	-	-	-
	Rubber	66	33,377	78	66,875
		66	33,377	78	66,875

14.2 Biological Assets (Consumable)

	Group/Company			
	Immature Rs. '000	Mature Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	-	237,603	237,603	212,691
Additions during the year	23,287	947	24,234	-
Gain of change in fair value less cost to sell	-	9,347	9,347	24,912
As at 31 March	23,287	247,897	271,184	237,603

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The fair value of managed trees was ascertained in accordance with LKAS 41. The valuation was carried out by FRT Valuation Services (Pvt) Ltd, using Market Approach. In ascertaining the fair value of timber, a physical verification was carried out covering the estates on sample basis.

14.2.1 Change in Fair Value of Biological Assets

As at 31 March	Notes	Group/Company	
		2023/24 Rs. '000	2022/23 Rs. '000
Change in fair value of consumable biological assets	14.2	9,347	24,912
Change in fair value of produce on bearer biological assets	17.1	(5,942)	11,680
		3,405	36,592

14.2.2 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)

Non-Financial Asset	Valuation Technique		Unobservable Inputs	Range of Unobservable Inputs (Probability Weighted Average)		Relationship of Unobservable Inputs to Fair Value
	2023/24	2022/23		2023/24	2022/23	
Consumable managed biological assets	Market Approach	Market Approach	Discounting Rate	15.00%	19.50%	The higher the discount rate, the lesser the fair value
			Optimum Rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, the higher the fair value
			Volume at Rotation	23 - 120 cu.ft	23 - 95 cu.ft	The higher the volume, the higher the fair value
			Price (per cu.ft)	Rs.85/- to Rs.5,250/-	Rs.80/- to Rs.6,600/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

1. It is assumed that the felling of trees will be undertaken at maturity for the period not covered under the Forestry Management Plan. Majority of the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. Remaining timber trees which have not come up to a harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rational investor, i.e. 15%.
2. The price adopted could vary based on the species and the girth of the respective species and are on the spare net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

The valuations, as presented in the external valuation models based on market values, take into account the possible market conditions and long-term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the active market prices and other variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that active market price projections are highly unpredictable. The sensitivity analysis regarding selling price and discount rate variations are as follows,

Note to the Financial Statements

14. BIOLOGICAL ASSETS (CONTD.)

14.2.3 Sensitivity Analysis

Sensitivity variation sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Group/Company	
	Rs. '000 -10%	Rs. '000 + 10%
Managed Timber		
As at 31 March 2024	(37,990)	37,990
As at 31 March 2023	(23,760)	23,760

Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are less sensitive to changes of the discount rate applied because majority of the timber trees have reached their maturity by the time of valuation. Simulations made for timber show that a increase or decrease by 1.5% of the estimated future discount rate has the following effect on the net present value of biological assets:

	Group/Company	
	Rs. '000 -1.5%	Rs. '000 + 1.5%
As at 31 March 2024	161	(152)
As at 31 March 2023	76	(73)

No biological assets have been pledged as securities for the year ended 31 March 2024 (2022/23 - nil).
There are no capital expenditure commitments for biological assets as at the reporting date.

15. INVESTMENTS IN SUBSIDIARIES

15.1 Unquoted Investments

	% Holding		No of Shares		Value Rs. '000	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Kalupahana Power Company (Pvt) Ltd.	60	60	1,800,000	1,800,000	18,000	18,000
Mabroc Teas (Pvt) Ltd.	100	100	11,000,000	9,000,000	760,000	260,000
Kelani Valley Resorts (Pvt) Ltd	100	100	5,000,000	5,000,000	50,000	50,000
Carrying amount					828,000	328,000

Subsidiaries	Principle Activity	% Equity Interest
Kalupahana Power Company (Pvt) Ltd.	Generates hydro power	60
Mabroc Teas (Pvt) Ltd.	Exports of bulk & retail packed tea	100
Kelani Valley Resorts (Pvt) Ltd	Provide services in the hospitality industry	100

15.2 Investments in Equity Accounted Investee

Livee Poloska Sp.Z O.O.

The acquisition of a 24% stake in Livee Poloska Sp.Z O.O. by Mabroc Teas (Pvt) Ltd represents a strategic move aimed at expanding their reach into the European market. Livee Poloska Sp.Z O.O. specialises in supplying teas to large supermarket chains in Poland, offering a valuable foothold in a key market.

This investment allows Mabroc Teas to leverage Livee Poloska's existing infrastructure, distribution networks, and market knowledge to penetrate the European market more effectively. By aligning with a reputable partner in Poland, Mabroc Teas can strengthen its position in Europe, ultimately driving growth and profitability in this strategic region.

	Holding %	No of Shares	Group	
			2023/24 Value Rs '000	2022/23 Value Rs '000
As at 31 March			-	-
Investment	24%	564	131,721	-
Profit for the year			8,137	-
Carrying amount as at 31 March			139,858	-

15.3 Financial Asset

Martin Bauer Hayleys (Pvt) Ltd.

Group - Fair Value Through Other Comprehensive Financial Asset

	Holding %	No of Shares	Group	
			2023/24 Value Rs '000	2022/23 Value Rs '000
As at 31 March 2023	10.1%	39,091,550	396,970	390,920
Gain on FVTOCI financial asset			26,255	6,050
As at 31 March 2024	10.1%	39,091,550	423,225	396,970

Company - Fair Value Through Profit or Loss Financial Asset

	Holding %	No of Shares	Company	
			2023/24 Value Rs '000	2022/23 Value Rs '000
As at 31 March 2023	10.1%	39,091,550	396,970	390,920
Gain on FVTPL financial asset			26,255	6,050
As at 31 March 2024	10.1%	39,091,550	423,225	396,970

	As at 31 March 2024 Value Rs.	As at 31 March 2023 Value Rs.
Fair Value of a share	10.83	10.15

Note to the Financial Statements

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

15.3.1 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs	
			2023/24	2022/23
Financial Asset (Investment in shares of Martin Bauer Hayleys (Pvt) Ltd).	DCF	Discounting Rate	15%	12%
		Growth Rate	2.0%	7.3%
		Exchange Rate USD	LKR 305.00	LKR 328.50

15.3.2 Sensitivity Analysis - Based on Discounting Rate

Discount Rate	Rs. '000 -1%	Rs. '000 +1%
2023/24	61,438	(3,909)
2022/23	132,989	(75,587)

Growth Rate	Rs. '000 -1%	Rs. '000 +1%
2023/24	(7,762)	47,856
2022/23	(64,706)	115,053

16. INTANGIBLE ASSETS

Cost	Group			
	Goodwill Rs.'000	Computer Software Rs.'000	2023/24 Rs.'000	2022/23 Rs.'000
As at 1 April	33,310	15,822	49,132	49,132
Addition during the year	-	-	-	-
As at 31 March	33,310	15,822	49,132	49,132
Ammortisation and impairment				
As at 1 April	-	10,459	10,459	7,881
Amortisation for the year	-	2,296	2,296	2,578
As at 31 March	-	12,755	12,755	10,459
Carrying Amount	33,310	3,067	36,377	38,673

Key assumptions used in the Value In Use calculations

Gross Margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount Rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The discount rate used for the valuation is 13%. (2022/23 - 18.5%)

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking in to account the growth rates of one of four years immediately subsequent to the budgeted year based on industry growth rates. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. The growth rate used for the valuation is 6%. (2022/23 - 6%)

The carrying value of goodwill represents the goodwill on acquisition of Mabroc Teas (Pvt) Ltd. There has been no permanent impairment of intangible assets that requires a provision.

17. PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

17.1 Produce on Bearer Biological Assets

	Group/Company	
	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	28,660	16,980
Change in fair value less cost to sell	(5,942)	11,680
	22,718	28,660

Level 2 inputs were used when arriving above figures.

17.2 Inventories

	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
As at 31 March				
Input materials	386,662	446,924	386,662	446,924
Nurseries	33,910	13,263	33,910	13,263
Harvested crop	690,770	673,941	690,770	673,941
Bulk tea & raw materials	839,772	1,174,504	-	-
Finished goods	43,742	15,124	11,495	7,242
Goods-in-transit	32,088	-	-	-
Spares and consumables	50,960	80,993	31,530	68,095
	2,077,904	2,404,749	1,154,367	1,209,465
Provision for obsolete inventories	(38,785)	(45,726)	(26,035)	(38,486)
	2,039,119	2,359,023	1,128,332	1,170,979

The carrying amount of inventories pledged as securities for bank facilities obtained amounted to Rs. 685 m (2022/23 - Rs. 674 m) and Rs. 722 m (2022/23 - Rs.689 m) by the Company & the Group respectively .

Note to the Financial Statements

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Trade receivables	1,836,767	1,789,673	202,258	188,905
Lease rent paid in advance	32,750	21,390	32,750	21,390
Employee advances and receivables	77,554	77,070	77,554	77,063
Advance company tax recoverable	-	2,899	-	2,899
WHT recoverable	3,277	6,059	3,277	6,057
Dividend receivables	-	-	61,710	-
Advances and receivables	460,909	411,473	379,383	281,361
	2,411,257	2,308,564	756,932	577,675
Provision for impairment in trade and other receivables	(3,638)	(4,195)	(3,461)	(4,168)
	2,407,619	2,304,369	753,471	573,507

18.1 Movement in the provision for trade and other receivables

	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	(4,195)	(4,488)	(4,168)	(3,610)
Charge for the period	(3,752)	(2,548)	(3,602)	(2,548)
Reverse during the period	4,309	2,841	4,309	1,990
As at 31 March	(3,638)	(4,195)	(3,461)	(4,168)

18.2 The aging analysis of trade receivables is as follows;

	Total Rs.'000	0-60 days Rs.'000	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
As at 31 March 2024						
Company	202,258	201,300	735	-	223	-
Group	1,836,767	1,835,555	804	186	223	-

Trade receivables are non-interest bearing and are generally on seven-day terms for the company.

No loans over Rs. 20,000/- have been given to Directors or officers of the Company.

The carrying amount of debtors pledged as securities for bank facilities obtained amounted to Rs. 202 m (2022/23 - Rs. 188 m) by the Company.

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31 March 2024 are disclosed below.

The funds borrowed by the Company and the Group are given in Note 22.

	Group		Company	
	Interest - Bearing Borrowings Rs.'000	Other Borrowings Rs.'000	Interest - Bearing Borrowings Rs.'000	Other Borrowings Rs.'000
As at 01 April 2023	1,900,741	8,270	7,875	8,270
Cash in flows from financing activities	3,997,045	-	200,000	-
Cash out flows from financing activities	(4,404,438)	-	(204,500)	-
As at 31 March 2024	1,493,348	8,270	3,375	8,270

20. CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31 March	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
20.1 Short-Term Investment				
Short-Term fixed deposits	355,677	110,092	5,000	16,069
Treasury Bills	1,172,950	1,429,379	1,172,950	1,429,379
	1,528,627	1,539,471	1,177,950	1,445,448
20.2 Favourable balances				
Cash in hand	2,397	1,035	589	135
Cash at bank	546,714	199,685	298,335	130,225
	549,111	200,720	298,924	130,360
20.3 Unfavourable balances				
Bank overdraft	(233)	(150,915)	-	(145,240)
	(233)	(150,915)	-	(145,240)

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group. Interest income is earned at the prevalent interest rates at the time of investment.

The securities pledged have been disclosed in Note 30 to the financial statements.

Note to the Financial Statements

21. STATED CAPITAL

	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Issued & fully paid-ordinary shares				
68,000,000 (2022/23 - 68,000,000)	340,000	340,000	340,000	340,000
and 01 golden share	340,000	340,000	340,000	340,000

The holders of ordinary shares and golden share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the golden share are given in the Annual Report of the Board of Directors on the Affairs of the Company.

22. INTEREST-BEARING BORROWINGS

22.1 Long-Term Interest Bearing Borrowings

Group	HSBC	Sampath Bank	Pan Asia Bank	HNB	NDB	2023/24 Total Rs. '000	2022/23 Total Rs. '000
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
As at 1 April	-	75,000	4,006	40,673	7,875	127,554	263,435
Obtained during the year	150,250	-	-	-	-	150,250	-
Repayments during the year	(37,563)	(75,000)	(4,006)	(40,673)	(4,500)	(161,742)	(135,882)
As at 31 March	112,687	-	-	-	3,375	116,062	127,553
Payable within one year (Transferred to current liabilities)	(50,083)	-	-	-	(3,375)	(53,458)	(110,097)
Payable after one year	62,604	-	-	-	-	62,604	17,456
Analysis of long-term borrowings by year of repayment							
Repayable within one year from year-end	50,083	-	-	-	3,375	53,458	110,097
Repayable between 2 and 5 years from year-end	62,604	-	-	-	-	62,604	17,456
	112,687	-	-	-	3,375	116,062	127,553

Company	NDB Rs. '000	2023/24 Total Rs. '000	2022/23 Total Rs. '000
As at 1 April	7,875	7,875	38,947
Obtained during the year	-	-	-
Repayments during the year	(4,500)	(4,500)	(31,072)
As at 31 March	3,375	3,375	7,875
Payable within one year	(3,375)	(3,375)	(4,500)
(Transferred to current liabilities)	-	-	-
Payable after one year	-	-	3,375
Analysis of long-term borrowings by year of repayment			
Repayable within one year from year-end	3,375	3,375	4,500
Repayable between 2 and 5 years from year-end	-	-	3,375
	3,375	3,375	7,875

Long-Term Interest Bearing Borrowings - Lender Analysis

Company

22.1.1 National Development Bank

As at 31 March	Loan outstanding 2023/24 Rs. '000	2022/23 Rs. '000	Rate of interest per annum	Monthly installment Rs.	Terms of repayments
Term loan 2	2,728	6,366	6.30%	303,125/-	72 monthly installments commenced on 19.01.2019
Term loan 3	647	1,509	6.30%	71,875/-	72 monthly installments commenced on 19.01.2019
NDB - Total	3,375	7,875			
Company - Total	3,375	7,875			

Note to the Financial Statements

22. INTEREST-BEARING BORROWINGS (CONTD.)

22.1.2 Subsidiary - Mabroc Teas (Pvt) Ltd.

As at 31 March	Loan outstanding		Rate of interest	Monthly installment	Terms
	2023/24 Rs. '000	2022/23 Rs. '000	per annum	Rs.	of repayments
Lender					
Sampath Bank PLC					
Sampath Bank 1	-	75,000	AWPLR + 1%	6,250,000/-	48 monthly installments commenced on 30.04.2019
Sampath Bank - Total	-	75,000			
Hatton National Bank PLC					
Solar System	-	11,652	AWPLR+0.25%	834,000/-	36 monthly installments commenced on 12.05.2021
Color Sorter Machine	-	29,021	AWPLR+0.50%	1,381,940/-	36 monthly installments commenced on 06.12.2021
HNB - Total	-	40,673			
Hongkong & Shanghai Banking Corporation Ltd.					
Term loan	112,687	-	9.48%	4,174,000/-	36 monthly installments commenced on 05.07.2023
HSBC - Total	112,687	-			
Mabroc Teas (Pvt) Ltd - Total	112,687	115,673			

22.1.3 Subsidiary - Kelani Valley Resorts (Pvt) Ltd

As at 31 March	Loan outstanding		Rate of interest	Monthly installment	Terms
	2023/24 Rs. '000	2022/23 Rs. '000	per annum	Rs.	of repayments
Lender					
Pan Asia Bank					
COVID -19 Saubagya Loan	-	4,006	4.00%	208,333/-	24 monthly installments commenced on 30.10.2021
KVR - Total	-	4,006			
Group-Total	116,062	127,554			

22.2 Short -Term Interest Bearing Borrowings

Subsidiary - Mabroc Teas (Pvt) Ltd

As at 31 March Lender	Currency	2023/24 Rs. '000	2022/23 Rs. '000
Sampath Bank PLC	USD	300,500	-
Hongkong & Shanghai Banking Corporation Ltd.	USD	535,306	150,350
Hongkong & Shanghai Banking Corporation Ltd.	CNY	-	800,132
Hatton National Bank PLC	USD	-	83,250
Standard Chartered Bank (Sri Lanka) Ltd	USD	79,800	33,300
Citi Bank N. A.	USD	105,175	349,650
Total		1,020,781	1,416,682
Group-Total		1,020,781	1,416,682

The securities pledged for these facilities have been disclosed in Note 30 to the Financial Statements.

23. DEFERRED INCOME

	Group		Company	
Grants and Subsidies	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Capital Grants				
As at 1 April	987,691	975,098	987,691	974,131
Due to amalgamation	-	(348)	-	619
Grants received during the year	35,724	12,941	35,724	12,941
As at 31 March	1,023,415	987,691	1,023,415	987,691
Amortisation				
As at 1 April	334,425	302,658	334,425	302,312
Due to amalgamation	-	(346)	-	-
Amortisation for the year	33,499	32,113	33,499	32,113
As at 31 March	367,924	334,425	367,924	334,425
Carrying amount	655,491	653,266	655,491	653,266

Grants were received from the Plantation Reform Project (PRP), Plantation Human Development Trust (PHDT), Ministry of Community Development, Asian Development Bank (ADB), Social Welfare Project, Estate Infrastructures Development Project, Plantation Development Support Project, Ceylon Electricity Board, Tea Board, Save the Children International and Rubber Development Department of Ministry of Plantation Industries.

The amount spent is capitalised under relevant classification of improvement to leasedhold Property, Plant and Equipment. Corresponding grant component is reflected under deferred grants and subsidies and amortised over the useful life span of the asset.

Note to the Financial Statements

24. DEFERRED TAXATION

As at 31 March	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Deferred tax assets	2,278	1,221	-	-
Deferred tax liabilities	1,102,838	992,118	1,022,010	920,369
Net Deferred tax liabilities	1,100,560	990,897	1,022,010	920,369

24.1 Statement of Financial Position

As at 31 March	Group			
	2023/24		2022/23	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
As at 1 April	3,307,059	992,118	4,093,650	444,120
Deferred tax assets	3,523	1,057	4,069	1,221
Amount originating during the year	370,374	109,653	(790,660)	546,777
Effect of movements in exchange rates	-	10	-	-
As at 31 March	3,680,956	1,102,838	3,307,059	992,118
Deferred Tax Liabilities				
Temporary difference of right-of-use assets	770,010	231,003	567,589	170,277
Temporary difference of property, plant and equipment (including mature and immature plantation)	5,086,116	1,525,835	4,835,792	1,450,738
Temporary difference of biological assets	246,950	74,085	215,433	64,630
Temporary difference of financial assets	423,225	126,968	6,050	1,815
Temporary difference of unrealised foreign exchange gain	-	-	85,459	25,638
As at 31 March	6,526,301	1,957,891	5,710,323	1,713,098
Deferred Tax Assets				
Temporary difference of retirement benefit obligations	(1,263,549)	(379,065)	(1,044,890)	(313,467)
Temporary difference of lease liabilities	(863,136)	(258,941)	(637,942)	(191,383)
Temporary difference of grant received	(655,491)	(196,647)	(653,265)	(195,980)
Temporary difference of provision for bad debts	(3,638)	(1,091)	(4,195)	(1,259)
Temporary difference of impairment for inventories	(35,042)	(10,512)	(45,726)	(13,718)
Temporary difference of intangible assets	(5,269)	(3,031)	-	-
Temporary difference of unrealised foreign exchange loss	(7,563)	(2,269)	(17,245)	(5,173)
Temporary difference of Tax losses	(11,657)	(3,497)	-	-
As at 31 March	(2,845,345)	(855,053)	(2,403,263)	(720,980)

As at 31 March	Company			
	2023/24		2022/23	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
As at 1 April	3,067,899	920,369	3,685,460	386,973
Amount originating during the year	338,800	101,641	(617,561)	533,396
As at 31 March	3,406,999	1,022,010	3,067,899	920,369
Deferred Tax Liability				
Temporary difference of Right-of-use asset	770,010	231,003	567,589	170,277
Temporary difference of Property, Plant and Equipment (including mature and immature plantation)	4,712,429	1,413,729	4,516,550	1,354,965
Temporary difference of biological asset	246,950	74,085	215,433	64,630
Temporary difference of fair value gain on FVTPL Financial assets	423,225	126,968	6,050	1,815
Temporary difference of unrealised foreign exchange gain	-	-	85,459	25,638
As at 31 March	6,152,614	1,845,785	5,391,081	1,617,325
Deferred Tax Assets				
Temporary difference of retirement benefit obligations	(1,192,959)	(357,888)	(989,321)	(296,796)
Temporary difference of lease liability	(863,136)	(258,941)	(637,942)	(191,383)
Temporary difference of grant received	(655,491)	(196,647)	(653,265)	(195,980)
Temporary difference of provision for bad debts	(3,461)	(1,039)	(4,168)	(1,251)
Temporary difference of impairment for inventories	(26,035)	(7,810)	(38,486)	(11,546)
Temporary difference of unrealised foreign exchange loss	(4,833)	(1,450)	-	-
As at 31 March	(2,745,915)	(823,775)	(2,323,182)	(696,956)
Net deferred tax liability as at 31 March	3,406,699	1,022,010	3,067,899	920,369

24.2 Statement of Profit or Loss

	Group		Company	
	2023/24	2022/23	2023/24	2022/23
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 1 April	990,897	444,120	920,369	386,973
Tax charge recognised in profit or loss	167,582	568,072	158,917	564,214
Tax reversal recognised in comprehensive income	(57,929)	(21,295)	(57,276)	(30,818)
Effect of movements in exchange rates	10	-	-	-
As at 31 March	1,100,560	990,897	1,022,010	920,369

The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March, 2024 is 30% (2022/23 - 30%) for the Company.

Note to the Financial Statements

25. RETIREMENT BENEFIT OBLIGATIONS

Movement in the Retirement Benefit Obligations

	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	1,077,144	1,034,290	1,021,131	988,099
Current service cost	71,335	71,956	65,657	67,046
Interest cost	204,055	144,561	194,235	137,895
Charged to profit or loss	275,390	216,517	259,892	204,941
Actuarial (gain) / loss due to changes in financial assumptions	170,970	66,083	168,928	66,083
Actuarial (gain) / loss due to changes in experience	22,127	38,386	21,991	36,643
Charged to statement of comprehensive income	193,097	104,469	190,919	102,726
Benefit paid by the plan	(282,085)	(278,132)	(278,983)	(274,635)
As at 31 March	1,263,546	1,077,144	1,192,959	1,021,131

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligations and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

According to the actuarial valuation report issued by the actuarial valuer as at 31 March 2024 the actuarial present value of promised retirement benefits amounted to Rs. 1,263,545,621/- (2022/23 - Rs. 1,077,144,588/-). If the Group had provided for gratuity on the basis of 14 days wage & half months salary for each completed year of service, the liability would have been Rs. 1,326,301,839/- (2022/23 - Rs. 1,401,993,913/-).

The following payments are the expected from the defined benefit plan obligations in future years.

	Group		Company	
	2023/24 Rs. '000	2022/23 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Within the next 12 months	279,424	171,380	272,513	164,587
Between 2 to 5 years	489,954	472,005	470,138	452,285
Between 5 to 10 years	300,812	262,027	280,007	247,796
More than 10 years	193,356	171,732	170,301	156,463
	1,263,546	1,077,144	1,192,959	1,021,131

The weighted average duration of the defined benefit plan obligation as at the end of the reporting period for Staff is 5 years and workers is 5 years. The present Value of retirement benefit obligations is carried on annual basis.

The key assumptions used by Messers. Actural & Management Consultants (Pvt) Ltd. include the following.

	2023/24	2022/23
(i) Discount rate	12%	20%
One of the principle assumptions is the discount rate, which should be based upon the yields available on Government bonds or high quality corporate bonds at the accounting date with a term that matches that of the liabilities. LKAS 19 does not define "high quality", but this is generally taken to mean a security rating of at least AA.		
(ii) Rate of salary increase		
Workers	10% (Per annum)	15% (Per annum)
Staff	11% (Per annum)	16% (Per annum)
(iii) Retirement age		
Workers	60 years	60 years
Staff	60 years	60 years
Executive and Head office staff	60 years	60 years

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

	Group	
	Rs. '000	Rs. '000
A one percentage point change in the discount rate.	+1%	-1%
As at 31 March 2024	(38,579)	77,149
As at 31 March 2023	(46,291)	50,563
A one percentage point change in the salary / wage increment rate.	+1%	-1%
As at 31 March 2024	72,930	(35,587)
As at 31 March 2023	48,035	(44,577)

	Company	
	Rs. '000	Rs. '000
A one percentage point change in the discount rate.	+1%	-1%
As at 31 March 2024	(33,662)	71,592
As at 31 March 2023	(43,062)	46,966
A one percentage point change in the salary / wage increment rate.	+1%	-1%
As at 31 March 2024	67,055	(30,311)
As at 31 March 2023	44,163	(41,052)

Note to the Financial Statements

26. LEASE LIABILITY

As at 31 March	Notes	Group/Company	
		2023/24 Rs. '000	2022/23 Rs. '000
Lease liability on Right-of-Use asset- Land	26.1	863,136	637,162
Lease liability on Right-of-Use asset- Building	26.2	-	14,673
	26.3	863,136	651,835

26.1 Lease Liability on Right-of-Use Asset- Land

	Group/Company	
	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	637,162	589,923
Reassessment Adjustment as at 01 April	233,201	51,880
Accretion of interest	121,851	89,852
Repayment during the year	(129,078)	(94,493)
As at 31 March	863,136	637,162

The effect of adoption SLFRS 16 - Leases as at 01 April 2019 - Group/Company

	Group/Company		
	Lease Liability Rs. '000	Right-of-Use Assets - Land Rs. '000	Retained Earnings Rs. '000
Balance as at 01 April 2019 (before initial application of SLFRS 16)	439,903	255,003	797,342
Transition adjustment due to initial application of SLFRS 16	126,518	311,418	184,899
Adjusted balance as at 01 April 2019 (at the initial application of SLFRS 16 leases)	566,421	566,421	982,241

26.1.1 Maturity analysis of lease liability as follows,

As at 31 March	Group/Company	
	2023/24 Rs. '000	2022/23 Rs. '000
Payable within one year		
Gross liability	129,078	94,493
Finance cost allocated to future periods	(120,839)	(89,203)
Net liability transferred to current liabilities	8,239	5,290
Payable within two to five years		
Gross liability	516,310	377,972
Finance cost allocated to future periods	(470,091)	(348,292)
Net liability	46,219	29,680
Payable after five years		
Gross liability	2,065,240	1,606,382
Finance cost allocated to future periods	(1,256,562)	(1,004,191)
Net liability	808,678	602,191
Net liability payable after one year	854,897	631,871

The base rental payable per year Rs. 129,077,530/-.

The lease liability as at 01 April 2022 has been reassessed under the provisions of SLFRS 16 and both "Right-of-Use of Land" and "Lease Liability" has been enhanced. The Net Liability as at 31 March 2024 as follows:

	2023/24 Rs.'000	2022/23 Rs.'000
Gross liability	(2,839,706)	2,173,341
Finance charge	1,969,343	(1,531,538)
Net liability	(870,363)	641,803

Maturity analysis of gross lease liability are shown under Note. 36.3.

26.2 Lease liability on Right-of-Use asset- Building

	Group/Company	
	2023/24 Rs. '000	2022/23 Rs. '000
As at 1 April	14,673	26,939
Reassessment adjustment as at 01 October 2022	-	534
Accretion of interest	1,012	2,689
Payments during the year	(15,685)	(15,489)
As at 31 March	-	14,673
Current Liability	-	14,673
Total lease liability as at 31 March 2024	-	14,673

The base rental payable per year Rs. 15,489,262/-.

Note to the Financial Statements

26. LEASE LIABILITY (CONTD.)

The lease liability as at 01 October 2022 has been reassessed under the provisions of SLFRS 16 and both "Right-of-Use of Building" and "Lease Liability" has been enhanced. The Net Liability as at 31 March 2024 as follows:

	2023/24 Rs.'000	2022/23 Rs.'000
Gross liability	15,685	15,685
Finance charge	(1,012)	(1,012)
Net liability	14,673	14,673

Maturity analysis of Gross lease liability are shown under Note 36.3.

26.3 Lease Liability

Current liability	8,239	19,963
Non current liability	854,897	631,871
Total lease liability as at 31 March 2024	863,136	651,835

27. TRADE AND OTHER PAYABLES

	Group		Company	
As at 31 March	2023/24 Rs.'000	2022/23 Rs.'000	2023/24 Rs.'000	2022/23 Rs.'000
Trade payables	309,946	242,127	51,700	29,180
Staff payables	357,127	339,855	357,127	339,855
Unclaimed dividends	22,824	29,409	22,824	29,409
Dividend Payable	172,460	7,983	172,460	7,983
Accruals and advance received from debtors	298,362	531,376	149,414	413,242
Sundry payables	596,433	622,560	544,779	486,538
	1,757,152	1,773,310	1,298,304	1,306,207

28. INCOME TAX

28.1 Income Tax Receivable

	Group		Company	
	2023/24 Rs.'000	2022/23 Rs.'000	2023/24 Rs.'000	2022/23 Rs.'000
As at 01 April	-	138	-	-
Transferred from income tax payable	-	(138)	-	-
As at 31 March	-	-	-	-

28.2 Income Tax Payable

As at 01 April	207,087	96,915	154,158	-
Subsidiaries/Parent taxation on current year's profit	473,834	371,448	257,933	176,796
(Over)/under provision in respect of previous years	(2,197)	13,306	143	12,671
Cash Paid during the year	(411,208)	(274,581)	(219,132)	(35,309)
ESC, WHT, ACT set-off against income tax	(5,533)	-	(5,021)	-
Effect of movements in exchange rates	669	-	-	-
As at 31 March	262,652	207,087	188,081	154,158

29. RELATED COMPANY BALANCES

29.1 Other related companies

As at 31 March	Group			
	2023/24		2022/23	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
Ultimate parent company				
Hayleys PLC	171	39,886	127	61,940
Intermediate parent				
Dipped Products PLC	3,196	4,420	7,154	562
Other related companies				
DPL Premier Gloves (Pvt) Ltd.	14,200	-	-	-
Martin Bauer Hayleys (Pvt) Ltd.	16,105	80	-	71
Hanwella Rubber Products Ltd.	-	5,314	1,834	735
Hayleys Hotel Management Services (Pvt) Ltd.	319	-	-	-
Hayleys Agriculture Holdings Ltd.	-	2,240	-	41
Hayleys Agro Fertilizers (Pvt) Ltd.	-	6,824	-	-
Hayleys Aviation & Projects (Pvt) Ltd.	-	4,800	-	-
Colombo Cargo Express (Pvt) Ltd.	42	-	-	-
Talawakelle Tea Estates PLC	2,203	4,544	4,680	5,695
Horana Plantations PLC	1,119	511	-	-
Hayleys Consumer Products Ltd.	66,412	3,015	38,209	5,251
Amaya Leisure PLC	-	-	715	-
Hayleys Lesiure PLC	-	5,417	-	-
CMA CGM Lanka Ltd.	33	-	-	-
Culture Club Resorts (Pvt) Ltd.	179	-	303	5
Haycarb Ltd.	-	-	291	-
The Kingsbury PLC	1,180	-	988	42
Logiventure (Pvt) Ltd.	-	-	757	-
Hayleys Advantis Ltd.	-	-	94	-
Rileys (Pvt) Ltd.	22	-	-	-
Sun Tan Beach Resorts Ltd.	308	-	292	-
IML Delivery Service (Pvt) Ltd.	37	-	-	-
Singer (Sri Lanka) PLC	3,846	-	-	-
Hayleys Business Solutions International (Pvt) Ltd.	-	1,114	-	417
Hayleys Fentons Ltd.	957	44,222	823	888

Note to the Financial Statements

29. RELATED COMPANY BALANCES (CONTD.)

29.1 Other related companies (Contd.)

As at 31 March	Group			
	2023/24		2022/23	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
Kandyan Resorts (Pvt) Ltd.	322	-	120	-
Alumex PLC	113	-	-	-
Hayleys Travels (Pvt) Ltd.	-	35	-	-
S & T Interiors (Pvt) Ltd.	744	-	193	-
Toyo Cushion Lanka (Pvt) Ltd.	3,947	-	1,286	-
Hayleys Travels & Tours (Pvt) Ltd.	-	-	-	2,167
Bonterra Ltd.	9	-	-	-
Hayleys Aventura (Pvt) Ltd.	47	42	-	1
Advantis Project & Engineering (Pvt) Ltd.	-	1,920	-	1,397
Advantis Freight (Pvt) Ltd.	-	750	-	97
Hayleys Fabric PLC	14	-	10	-
Ceva Logistics Lanka (Pvt) Ltd.	-	751	-	47
Expelogix (Pvt) Ltd.	-	2,498	-	516
Logiwiz Ltd.	1,106	-	-	-
Advantis Express (Pvt) Ltd.	22	433	-	321
Clarion Shipping (Pvt) Ltd.	-	135	-	-
Haymat (Pvt) Ltd.	-	-	-	7
Eco Power Co. (Pvt) Ltd.	-	1,390	-	-
Total	116,653	130,341	57,876	80,200

Subsidiaries	Company			
	2023/24		2022/23	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
Kalupahana Power Co. (Pvt) Ltd.	2,072	-	3,842	-
Mabroc Teas (Pvt) Ltd.	-	208	-	-
Kelani Valley Resorts (Pvt) Ltd.	21,153	-	21,153	-
	23,225	208	24,995	-
Ultimate parent company				
Hayleys PLC	-	24,828	-	42,898
Intermediary ultimate parent				
Dipped Products PLC	3,196	4,420	7,154	562
Other related companies				
DPL Premier Gloves (Pvt) Ltd.	14,200	-	-	-
Martin Bauer Hayleys (Pvt) Ltd.	15,341	80	-	71
Hanwella Rubber Products Ltd.	-	5,314	1,834	735
Hayleys Bussines Solutions Ltd.	-	743	-	315
Hayleys Agriculture Holdings Ltd.	-	2,167	-	-
Hayleys Agro Fertilizers (Pvt) Ltd.	-	6,824	-	-
Talawakelle Tea Estates PLC	2,203	4,544	4,069	5,695
Toyo Cushion Lanka (Pvt) Ltd.	3,930	-	1,286	-
Hayleys Consumer Products Ltd.	91	-	-	-
Advantis Project & Engineering (Pvt) Ltd.	-	72	-	-
Horana Plantations PLC	1,119	511	-	-
Hayleys Fentons Ltd.	-	44,222	-	-
Total	40,080	93,725	14,343	50,276

Note to the Financial Statements

30. ASSETS PLEDGED AS SECURITY

Following assets have been pledged as security for liabilities:

Company

Nature of liability	2023/24		Security
	Facility (Rs. m)	Outstanding (Rs. m)	
Overdraft			
Bank of Ceylon	100.00	Nil	Concurrent mortgage over stock in trade and debtors.
Hatton National Bank PLC	74.50	Nil	Promissory Note.
Sampath Bank PLC	30.00	Nil	Concurrent mortgage over stock in trade and debtors.
Term-Loan			
National Development Bank PLC	27.00	3.4	Fixed deposit of Rs.5 m.

Subsidiary

Mabroc Teas (Pvt) Ltd.

Nature of liability	2023/24		Security
	Facility (Rs. m)	Outstanding (Rs. m)	
Overdraft			
Sampath Bank PLC	10.00	Nil	Hypothecation bond over stock and book debts.

Short-term borrowings (Foreign currency loans)	2023/24		Security
	Facility (USD m)	Outstanding (Rs. m)	
Sampath Bank PLC	2.00	300.5	Hypothecation bond totaling USD 2 m over stocks and book debts.

31. RELATED PARTY DISCLOSURES

Transactions with related parties were carried out at market price. Details of significant related party disclosures are as follows,

Recurrent Transactions

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			2023/24	2022/23
			Rs. '000	Rs. '000

(A) Parent and Ultimate Parent Company

The Company has controlling related party relationship with its parent company DPL Plantations (Pvt) Ltd.

(i) Hayleys PLC	Ultimate parent	Office space together with other related facilities, finance and secretarial services	(211,535)	(126,412)
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The managing agent DPL Plantations (Pvt) Ltd has waived the management fees in its entirety effective from 2007.

(B) Transactions with key management personnel

Key management personnel includes, members of the Board of Directors of the Company and key employees holding directorships in the subsidiaries and other related Companies.

(i) Loans to Directors

No loans have been given to the Directors of the Company.

(ii) Key Management Personnel Compensation

For the year ended 31 March			2023/24	2022/23
			Rs. '000	Rs. '000
Directors' emoluments			143,157	126,843

(C) Transactions with Subsidiaries

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			2023/24	2022/23
			Rs. '000	Rs. '000
(i) Kalupahana Power Co. (Pvt) Ltd.	Subsidiary	Share of revenue	3,114	-
(ii) Mabroc Teas (Pvt) Ltd.	Subsidiary	Purchase of tea	(7,627)	(6,872)

The Company has sub leased an extent of 8 acres, 2 roods and 6.1 perches in Kalupahana estate to Kalupahana Power Co. (Pvt) Ltd.

Note to the Financial Statements

31. RELATED PARTY DISCLOSURES (CONTD...)

(D) Transactions with Other Related Companies

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			2023/24 Rs. '000	2022/23 Rs. '000
(i) Dipped Products PLC	Intermediate parent	Sale of latex	135,819	49,062
		Purchase of skim crepe	(10,620)	(7,972)
		Cost of facilities and related services rendered	-	(4)
(ii) Hanwella Rubber Products Ltd.	Affiliates	Purchase of skim crepe	(6,483)	(19,751)
(iii) DPL Premier Gloves (Pvt) Ltd.	Affiliates	Sale of latex	45,860	105,207
		Purchase of skim crepe	-	(551)
(iv) Hayleys Agro Fertilisers (Pvt) Ltd.	Affiliates	Purchase of fertilizers	(132,663)	(110,091)
(v) Hayleys Agriculture Holdings Ltd.	Affiliates	Purchase of chemicals	(15,659)	(5,720)
(vi) Rileys (Pvt) Ltd.	Affiliates	Sale of rubber products	2,470	21,810
(vii) Hayleys Consumer Products Ltd.	Affiliates	Payment for Rent	(132)	(90)
(viii) Talawakelle Tea Estates PLC	Affiliates	Payment of Expenses	(6,234)	(3,741)
(ix) Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Payment of executive payroll processing	(32,948)	(8,671)
(x) Fentons Ltd.	Affiliates	Solar System Installation	(38,402)	-
(xi) The Kingsbury PLC	Affiliates	Services rendered for AGM and others	(297)	(3,899)
(xii) Logiwiz Ltd.	Affiliates	Storage & handling charges	(821)	(2,382)
(xiii) Hayleys Aventura (Pvt) Ltd.	Affiliates	Payment of repairs	(961)	(4,312)
(xiv) Horana Plantations PLC	Affiliates	Reimbursement of expenses	4,730	4,561
(xv) Toyo Cusion Lanka (Pvt) Ltd.	Affiliates	Sale of latex	17,258	40,183
(xvi) Singer Sri Lanka PLC	Affiliates	Purchase of electronic items	(448)	(1,358)
(xvii) Advantis Pro and Eng. (Pvt) Ltd.	Affiliates	Purchase of plastic seals	-	(424)
(xviii) Royal Ceramics Lanka PLC	Affiliates	Purchase of Equipments	(1,817)	-
(xix) Advantis Frieght (Pvt) Ltd.	Affiliates	Storage & handling charges	(232)	(999)
(xx) Hayleys Travels (Pvt) Ltd.	Affiliates	Cost of air fair	(7,111)	(3,044)
(xxi) Creative Polymats (Pvt) Ltd.	Affiliates	Sale of latex	-	317
(xxii) Energynet (Pvt) Ltd.	Affiliates	Payment of equipments	(717)	(201)
(xxiii) Puritas (Pvt) Ltd.	Affiliates	Payment for maintenance	(112)	(27)
(xxiv) DPL Universal Gloves Ltd.	Affiliates	Sale of latex	11,072	

Non - Recurrent Transactions**(E) Transactions with FVTCI**

Company	Relationship	Nature of Transaction	Amount (paid)/received	
For the year ended 31 March			2023/24	2022/23
			Rs. '000	Rs. '000
(i) Martin Bauer Hayleys (Pvt) Ltd.	Financial assets	Reimbursement of expenses	9,315	10,356

The Company has sub leased an extent of 1.0127 hectares in Ingestre estate and 2.2247 hectares in Blinkbonnie Estate to Martin Bauer Hayleys (Pvt) Ltd .

There are no non-recurrent related party transactions where aggregate value exceeds 10% of the equity or 5% of total assets and recurrent related party transactions where aggregate value exceeds 10% of gross revenue/income.

There are no related party transactions and balances other than those disclosed above and in Notes 30 to the Financial Statements.

32. CONTINGENT LIABILITIES

There are no known contingent liabilities exist as at the statement of Financial Position date.

33. CAPITAL EXPENDITURE COMMITMENTS

There were no material capital commitments as at the reporting date. However, the budgeted capital expenditure approved but, not committed by the Company for the financial year 2024/25 amounts to Rs. 650,709,082/- (2023/24 Rs. 661,157,642/-).

34. EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Commissioner General of Labor, by way of Government Gazette No. 2382/ 04 dated 30 April 2024, issued a notification to determine the minimum payment in respect of the workers engaged in Tea Growing and Manufacturing Trade and Rubber Growing and Raw Rubber Manufacturing Trade under section 33(2) of the Wages Boards Ordinance. As of the date of approval of these financial statements pending the final wage rate determination, the Company is not able to determine the financial effects of this proposal on the financial statements for the year ended 31 March 2024.

Note to the Financial Statements

35. SEGMENTAL ANALYSIS

	Tea		Rubber		Others		Unallocated		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Segmental assets										
Non-current assets	2,875,919	2,963,315	3,412,006	3,367,326	472,275	421,393	1,681,214	1,092,757	8,441,413	7,844,791
Current assets	3,454,329	3,557,312	321,036	374,521	79,217	82,609	2,809,265	2,475,680	6,663,847	6,490,122
Total assets	6,330,248	6,520,627	3,733,041	3,741,847	551,492	504,003	4,490,479	3,568,437	15,105,260	14,334,912
Segmental liabilities										
Non-current liabilities	1,389,844	1,384,926	683,179	699,740	22,075	18,156	1,844,278	1,269,032	3,939,375	371,854
Current liabilities	2,120,328	2,622,314	213,560	187,507	26,780	15,009	872,187	933,431	3,232,854	3,758,260
Total liabilities	3,510,172	4,007,241	896,738	887,247	48,854	33,164	2,716,464	2,202,463	7,172,229	7,130,144
Non-interest bearing liabilities										
Deferred taxation	-	-	-	-	-	-	1,102,838	992,117	1,102,838	992,117
Retirement benefit obligations	904,552	769,996	357,888	306,339	1,106	811	-	-	1,263,546	1,077,146
Trade & other payables	633,938	660,878	520,522	523,690	13,977	9,722	588,713	579,027	1,757,150	1,773,316
Total depreciation	203,316	176,829	142,778	138,137	22,710	19,815	62,682	32,536	431,486	367,318
Amortisation of right of use assets	24,813	18,793	23,767	19,213	-	-	14,440	14,544	63,020	52,549
Capital expenditure	311,538	344,313	112,904	164,652	115,210	127,578	123,815	274,824	663,467	911,368
Company										
Segmental assets										
Non-current assets	1,953,373	1,890,957	3,412,006	3,367,326	367,043	303,735	1,681,214	1,092,757	7,413,635	6,654,775
Current assets	314,399	538,091	321,036	374,521	-	-	2,809,265	2,475,680	3,444,700	3,388,292
Total assets	2,267,772	2,429,048	3,733,041	3,741,847	367,043	303,735	4,490,480	3,568,437	10,858,335	10,043,067
Segmental liabilities										
Non-current liabilities	1,197,900	1,261,240	683,179	699,740	-	-	1,844,277	1,269,032	3,725,357	3,230,012
Current liabilities	506,185	559,406	213,560	187,507	-	-	872,187	933,431	1,591,932	1,680,344
Total liabilities	1,704,085	1,820,645	896,738	887,247	-	-	2,716,464	2,202,463	5,317,288	4,910,356
Non-interest bearing liabilities										
Deferred taxation	-	-	-	-	-	-	1,022,010	920,369	1,022,010	920,369
Retirement benefit obligations	835,071	714,791	357,888	306,339	-	-	-	-	1,192,959	1,021,131
Trade & other payables	189,070	203,489	520,522	523,690	-	-	588,713	579,027	1,298,304	1,306,207
Total depreciation	103,476	96,241	142,778	138,137	11,825	8,840	62,682	32,536	320,761	275,754
Amortisation of right of use assets	24,813	18,793	23,767	19,213	-	-	12,145	11,966	60,725	49,972
Capital expenditure	-	1,058	112,904	164,652	109,306	126,797	123,815	274,824	346,024	567,331

Information in respect of geographical segments was considered not significant enough to be disclosed as explained under segment reporting in accounting policies.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, forward exchange contract and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and trade and other receivables, and cash and short-term deposits that arise directly from its operations. Accordingly the Group has exposure to mainly Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

This note presents information about the Groups exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk.

36.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

The Group financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The KVPL Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group.

36.2 Credit Risk

Credit Risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers and from its financing activities including deposits with banks and financial institution's foreign exchange transactions and other financial instruments.

As at 31 March 2024

As at 31 March 2024	Trade Receivables					
	Days past due					
	Current	61-120 days	121-180 days	181-365 days	> 365 days	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Expected credit loss rate	0.12%	1%	4%	7%	12%	-
Estimated total gross carrying amount at default	-	-	130	223	3,285	3,638
Expected credit loss rate	-	-	5	16	394	415

As at 31 March 2023

As at 31 March 2023	Trade Receivables					
	Days past due					
	Current	61-120 days	121-180 days	181-365 days	> 365 days	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Expected credit loss rate	0.12%	1%	4%	7%	12%	-
Estimated total gross carrying amount at default	2,834	725	32	459	146	4,195
Expected credit loss rate	3	7	1	32	17	62

36.2.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. 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, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the management is considered when revisions are made to terms and conditions.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

Note to the Financial Statements

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.2,432 m (2022/23- Rs.2,304 m).

KVPL has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber auction systems.

MTPL has the largest exposure to credit risk as a major portion of the trade receivables are from foreign currencies. All open account debtors are covered with export credit Insurance. Settlement of other debtors are carried through banks.

36.2.2 Investments

Credit risk from invested balances with the financial institutions are managed by the Hayleys Group Treasury Department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through potential counterparty's failure

The Group held short-term investments of Rs. 1,528 m as at 31 March 2024 (2022/23- Rs. 1,540 m) which represents the maximum credit exposure on these assets.

36.2.3 Cash and Cash Equivalents

The Group held cash at bank and in hand of Rs. 551 m as at 31 March 2024 (2022/23- Rs. 201 m) which represents its maximum credit exposure on these assets.

- Sampath Bank PLC - A (lka)
- Hatton National Bank PLC -A (lka)
- Bank of Ceylon - A (lka)
- Citi Bank N.A. - AAA (lka)
- Hong Kong and Shanghai Banking Corporation Ltd - AA- (lka)
- DFCC Bank PLC - A- (lka)
- National Development Bank PLC - A-(lka)

36.3 Liquidity Risk

Liquidity risk is the risk that the Group 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 approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long-term financial sources and short-term investment with short-term financing. Where necessary, the Group consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinising the funding decisions.

The table below summarises the maturity profile of the Groups financial liabilities based on contractual undiscounted payments.

As at 31 March 2024	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Group						
Interest bearing loans & borrowing	234	308,654	765,586	62,604	-	1,137,078
Lease liability on right-of-use asset- land	10,756	21,513	96,808	516,310	2,194,318	2,839,705
Trade & other payables	596,433	1,160,719	-	-	-	1,757,152
	607,423	1,490,886	862,394	578,914	2,194,318	5,733,935
Company						
Interest bearing loans & borrowing	-	844	2,531	-	-	3,375
Lease liability on right-of-use asset- land	10,756	21,513	96,808	516,310	2,194,318	2,839,706
Trade & other payables	544,780	753,525	-	-	-	1,298,304
	555,537	775,882	99,339	516,310	2,194,318	4,141,385
As at 31 March 2023						
Group						
	On Demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 Months Rs.'000	2 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
Interest bearing loans & borrowing	150,915	464,268	1,062,511	17,456	-	1,695,150
Lease liability on right-of-use asset- land	7,874	15,749	70,870	377,972	1,606,382	2,078,847
Lease liability on right-of-use asset- building	1,154	2,309	11,210	-	-	14,673
Trade & other payables	622,566	1,150,744	-	-	-	1,773,310
	782,509	1,633,070	1,144,591	395,428	1,606,382	5,561,980
Company						
Interest bearing loans & borrowing	145,240	1,125	3,375	3,375	-	153,115
Lease liability on right-of-use asset- land	7,874	15,749	70,870	377,972	1,606,382	2,078,847
Lease liability on right-of-use asset- building	1,154	2,309	11,210	-	-	14,673
Trade & other payables	486,540	819,667	-	-	-	1,306,207
	640,808	838,850	85,455	381,347	1,606,382	3,552,842

36.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits, available for sale investment & derivative financial instruments.

36.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.

The Group held long-term borrowings with floating interest rates of Rs. 116 m (2022/23 - Rs. 128 m) which represents its maximum credit exposure on these liabilities.

Note to the Financial Statements

Interest rate sensitivity

The following table demonstrates sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's Profit Before Tax is affected through the impact on floating rate borrowings as follows,

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.'000
Group		
2023/24	+ 1%	1,161
	- 1%	(1,161)
2022/23	+ 1%	526
	- 1%	(526)
Company		
2023/24	+ 1%	34
	- 1%	(34)
2022/23	+ 1%	79
	- 1%	(79)

36.4.2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group.

These currencies primarily are the USD and CNY.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency forward contracts. Group treasury closely monitors the exchange rate fluctuations and advises on a regular basis.

Foreign Capital Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant. The impact on the Group's Profit Before Tax is due to changes in fair value of monetary assets and liabilities.

	Increase/ decrease in basis points	Effect on profit before tax Rs.'000
Group		
2023/24		
USD	25%	43,771
CNY	25%	48,179
JPY	25%	11,265
EUR	25%	6,166
USD	-25%	(43,771)
CNY	-25%	(48,179)
JPY	-25%	(11,265)
EUR	-25%	(6,166)
2022/23		
USD	25%	(38,619)
JPY	25%	59,403
EUR	25%	4,865
RMB	25%	9,370
USD	-25%	38,619
JPY	-25%	(59,403)
EUR	-25%	(4,865)

36.4.3 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are managed on an individual basis and all buy and sell decision are approved by the Board. Equity price risk is not material to the Financial Statements. However company does not hold any quoted shares as at reporting date.

36.4.4 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitor the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows,

	Group		Company	
	2023/24 Rs.'000	2022/23 Rs.'000	2023/24 Rs.'000	2022/23 Rs.'000
i. Interest bearing borrowings				
Current portion of long-term interest bearing borrowings	53,458	110,097	3,375	4,500
Payable within 2 and 5 years	62,604	17,456	-	3,375
ii .Lease liability				
Current portion of liability to make lease payment	8,239	19,963	8,239	19,963
Payable within 2 and 5 years	46,219	29,680	46,219	29,680
Payable later than 5 years from year-end	808,678	602,191	808,678	602,191
iii. Short-term Interest bearing borrowings	1,020,781	1,416,682	-	-
iv. Bank overdraft	233	150,915	-	145,240
Total debts	2,000,212	2,346,985	866,511	804,950
Equity	7,863,982	7,155,218	5,541,046	5,132,711
Equity & debts	9,864,194	9,502,203	6,407,557	5,937,661
Gearing ratio	20%	25%	14%	14%

Annexures

Ten Year Summary

Period Ended	2023/24 31-Mar (12 Months) Rs.'000	2022/23 31-Mar (12 Months) Rs.'000	2021/22 31-Mar (12 Months) Rs.'000	2020/21 31-Mar (12 Months) Rs.'000	2019/20 31-Mar (12 Months) Rs.'000	2018/19 31-Mar (12 Months) Rs.'000	2017/18 31-Mar (12 Months) Rs.'000	2016/17 31-Mar (12 Months) Rs.'000	2015/16 31-Mar (15 Months) Rs.'000	2014/15 31-Dec (12 Months) Rs.'000
Trading Results										
Revenue	19,968,249	20,704,226	12,925,850	11,760,469	8,909,174	9,166,118	8,642,220	6,852,262	6,068,746	8,647,349
Gross profit	3,043,038	3,658,360	2,264,637	1,756,634	844,957	967,084	1,091,683	617,739	464,702	739,302
Profit/(loss) before tax	1,849,441	3,040,670	1,965,171	947,521	(22,772)	447,767	202,487	12,474	(30,520)	102,407
Profit/(loss) after tax	1,182,832	2,087,844	1,777,464	802,185	(87,019)	387,913	160,422	(15,349)	(42,191)	52,495
Balance Sheet										
Funds Employed										
Stated capital	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Revenue reserves	7,523,982	6,815,218	5,552,995	3,909,055	3,097,193	2,982,544	2,677,740	2,580,914	2,292,660	2,358,424
Total equity attributable to equity holders of the company	7,863,982	7,155,218	5,892,995	4,249,055	3,437,193	3,322,544	3,017,740	2,920,914	2,632,660	2,698,424
Non Controlling interest	69,048	49,582	49,085	41,182	41,882	33,380	31,470	33,475	33,087	158,739
Lease liability	854,897	631,871	599,964	599,096	587,014	437,712	439,902	441,841	443,557	445,075
Amounts due to other related companies	-	-	-	-	13,086	28,392	43,041	36,286	22,500	-
Interest Bearing Borrowings	62,604	17,456	125,574	193,108	270,817	162,924	299,131	368,375	323,916	432,145
Other financial liabilities	-	-	-	71,454	200,411	-	-	-	-	-
Bank Overdraft	233	150,915	29,533	141,477	634,929	675,083	219,827	274,302	95,081	51,190
	8,850,764	8,005,042	6,697,152	5,295,372	5,185,332	4,660,035	4,051,113	4,075,193	3,550,801	3,785,573
Assets Employed										
Non current assets	8,441,415	7,844,790	7,226,828	7,140,577	7,186,006	6,034,828	5,456,908	5,443,706	5,219,898	5,203,870
Current assets	6,663,847	6,490,119	5,284,347	3,611,819	2,185,654	2,651,826	2,329,463	1,813,705	1,306,824	1,793,293
Current liabilities	(3,232,623)	(3,607,339)	(3,663,173)	(3,254,384)	(2,002,323)	(1,914,931)	(1,812,969)	(1,372,311)	(909,299)	(1,217,120)
Retirement benefit obligations	(1,263,546)	(1,077,144)	(1,034,290)	(1,073,035)	(1,152,014)	(1,109,974)	(916,919)	(816,560)	(1,153,244)	(1,122,870)
Deferred tax liability	(1,102,838)	(992,118)	(444,120)	(462,162)	(415,361)	(405,363)	(427,497)	(457,659)	(390,615)	(393,243)
Deferred income	(655,491)	(653,266)	(672,440)	(667,443)	(616,630)	(596,351)	(577,874)	(535,688)	(522,763)	(478,357)
Capital employed	8,850,764	8,005,042	6,697,152	5,295,372	5,185,332	4,660,036	4,051,113	4,075,193	3,550,801	3,785,573
Key Indicators										
Gross profit margin %	15.24	17.67	17.52	14.94	9.48	10.55	12.60	9.02	7.66	8.50
Current ratio (times)	2.06	1.73	1.43	1.06	0.83	1.02	1.15	1.10	1.30	1.41
Turnover to capital employed (times)	2.26	2.59	1.93	2.22	1.72	1.97	2.13	1.68	1.71	2.28
Return on shareholders' fund %	14.92	29.17	30.03	18.71	(2.78)	11.40	5.19	(0.64)	(1.05)	2.23
Earning per share (Rs.) *	17.26	30.70	26.02	11.69	(1.40)	11.14	4.56	(0.55)	(0.82)	1.77
Net assets per share (Rs.) *	115.65	105.22	86.66	62.49	50.55	48.86	44.38	42.95	38.72	39.68
Dividend per share (Rs.)	3.75	10.00	4.45	3.00	-	-	1.00	-	-	1.00
Dividend payout ratio % *	21.73	32.58	17.10	25.66	-	-	43.82	-	-	112.88
Price earnings (Times) *	4.29	2.33	2.23	3.21	-	8.35	17.53	-	-	40.58
Market value (Rs.) *	74.00	70.50	58.00	37.50	80.00	93.00	80.00	82.00	65.00	71.90

* Due to company's shares were sub-divided by splitting each issued ordinary share into two ordinary shares, comparative key indicators (Share related) also amended accordingly.

Investor Information

1. STOCK EXCHANGE LISTING

The ordinary shares of Kelani Valley Plantations PLC are listed with the Colombo Exchange. The audited Company and Consolidated Statements of Profit or Loss for the year ended 31 March 2024 and the audited Statement of Financial Position of the Company and of the Group as at the date have been submitted to the Colombo Stock Exchange within three months of the Statement of Financial Position date.

2. ORDINARY SHAREHOLDERS AS AT 31ST MARCH 2024

Total Number of Shareholders 16,338

	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	15,319	3,740,155	5.50	6	2,816	-	15,325	3,742,971	5.50
1,001 - 10,000	818	2,857,592	4.20	10	46,737	0.07	828	2,904,329	4.27
10,001 - 100,000	158	4,608,788	6.78	1	40,000	0.06	159	4,648,788	6.84
100,001 - 1,000,000	21	5,389,204	7.93	3	1,021,400	1.50	24	6,410,604	9.43
Over 1,000,000	2	50,293,308	73.96	-	-	-	2	50,293,308	73.96
	16,318	66,889,047	98.37	20	1,110,953	1.63	16,338	68,000,000	100.00

No. of Shares held	Residents			Non-Residents			Total		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	16,127	13,041,169	19.18	19	1,108,165	1.63	16,146	14,149,334	20.81
Institutions	191	53,847,878	79.19	1	2,788	-	192	53,850,666	79.19
	16,318	66,889,047	98.37	20	1,110,953	1.63	16,338	68,000,000	100.00

As at 31st March, 2024 there were 16,338 (31st March 2023-16,327) registered shareholders.

3. MARKET VALUE

The market value of Kelani Valley Plantations PLC ordinary shares :

	2023/24		2022/23	
Highest - Price	Rs. 89.80	7/25/2023	Rs. 124.00	9/12/2022
Lowest - Price	Rs. 68.00	2/27/2024	Rs. 28.90	4/27/2022
Closing price	Rs. 74.00	3/28/2024	Rs. 70.50	3/31/2023

4. DIVIDEND PAYMENT

First interim dividend of Rs. 1/- per share (2022/23 - First interim dividend of Rs. 2.50 per share), Second interim dividend of Rs. 0.25 per share (2022/23 - Second interim dividend of Rs. 3/- per share) & Third interim dividend of Rs. 2.50 per share (2022/23- Third interim dividend of Rs. 3/- per share and Final dividend of Rs. 1.50 per share)

5. SHARE TRADING

	2023/24	2022/23
Number of transactions	11,708	33,269
Number of shares traded	8,427,587	22,907,416
Value of shares traded (Rs.)	645,426,342	2,070,843,835

6. FIRST TWENTY SHAREHOLDERS AS AT 31 MARCH, 2024

Name of Shareholder	No. of Shares as at 31.03.2024	%	No. of Shares as at 31.03.2023	%
1 DPL Plantations (Pvt) Ltd	49,253,800	72.43	49,253,800	72.43
2 Bank of Ceylon A/C Ceybank Unit Trust	1,039,508	1.53	1,039,508	1.53
3 Mr. G.M. Weerakoon	902,775	1.33	57,407	0.08
4 Dr. M.A.A.M. Akram	610,548	0.90	1,153,675	1.70
5 Mr. T.T.T. Al-Nakib (Deceased)	610,000	0.90	610,000	0.90
6 Mrs. U.D.D.N. Perera	490,146	0.72	590,000	0.87
7 Dr. D. Jayanthana	449,800	0.66	226,000	0.33
8 Deutsche Bank AG-National Equity Fund	400,000	0.59	190,000	0.28
9 Mr. H.A.A.H. Algharabally	291,400	0.43	291,400	0.43
10 J.B. Cocoshell (Pvt) Ltd	241,306	0.35	-	-
11 Alliance Finance Company PLC	234,817	0.35	-	-
12 Rubber Investment Trust Ltd A/C No. 01	226,102	0.33	-	-
13 Seylan Bank PLC/M.M. Fuad	209,291	0.31	-	-
14 Mr. M.H.M. Fawsan	200,000	0.29	200,000	0.29
15 Mr. S.C. Ganegoda	165,000	0.24	45,147	0.07
16 Mr. Z.G. Carimjee	147,734	0.22	147,734	0.22
17 DFCC Bank PLC/P. Muralitharan	145,614	0.21	123,677	0.18
18 Mr. M.I.A. Hameed	141,200	0.21	141,200	0.21
19 Hatton National Bank PLC/M.M. Fuad	131,676	0.19	-	-
20 Mr.A.V. Emmanuel/Mrs. S. Emmanuel	128,900	0.19	128,900	0.19
TOTAL	56,019,617	82.38	54,198,448	79.70

7. DIRECTORS' SHAREHOLDINGS -(AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

Name of the Director	As at 31/03/2024	As at 31/03/2023
Mr. A.M. Pandithage	-	-
Dr. W.G.R. Rajadurai	4,382	4,382
Mr. A. Weerakoon	-	-
Mr. S.C. Ganegoda	165,000	45,147
Mr. F. Mohideen	-	-
Mr. C.V. Cabraal	-	-
Mr. N. Ekanayake	-	-
Mr. M.C.B. Talwatte (appointed on 3rd January 2024)	-	-
Mrs. S. Amarasekera, PC (appointed on 3rd January 2024)	-	-
Mr. S.P.Peiris (appointed on 3rd January 2024)	-	-
	169,382	49,529

8. THE PERCENTAGE OF ORDINARY SHARES HELD BY THE PUBLIC WAS 27.32% (2022/23 - 27.50%) OF THE ISSUED SHARE CAPITAL AS AT 31 MARCH 2024

- There were no non-voting shares as at 31 March 2024.
- Total number of Shareholders representing the Public Holding is 16,334.
- Float adjusted market capitalisation Rs. 1,374,742,400/-
- The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) - which requires 20% Public Holding.

requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.

- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

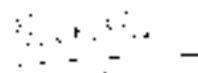
Emphasis Of Matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Kelani Valley Plantations PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.



Colombo

27 May 2024

Colombo

GRI Index Table

GRI 1: Foundation

Kelani Valley Plantations PLC has reported in accordance with the GRI Standards for the period from 1st April 2022 to 31st March 2023.

Applicable GRI Sector Standard(s) GRI 13: Agriculture, Aquaculture, and Fishing

A gray cell indicates something that does not apply. This only relates to the 'Omission' and 'GRI Sector Standard ref. no.' columns.

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
2-1	Organizational details	8, 293				
2-2	Entities included in the organization's sustainability reporting	44				
2-3	Reporting period, frequency and contact point	4,5				
2-4	Restatements of information	5,46				
2-5	External assurance	5, 274				
2-6	Activities, value chain and other business relationships	48 - 50, 125-126				
2-7	Employees	98,99				
2-8	Workers who are not employees	98				13.21
2-9	Governance structure and composition	152,153				
2-10	Nomination and selection of the highest governance body	153,160				
2-11	Chair of the highest governance body	153,155				
2-12	Role of the highest governance body in overseeing the management of impacts	156				
2-13	Delegation of responsibility for managing impacts	154				
2-14	Role of the highest governance body in sustainability reporting	171				
2-15	Conflicts of interest	165				
2-16	Communication of critical concerns	153				
2-17	Collective knowledge of the highest governance body	157				
2-18	Evaluation of the performance of the highest governance body	161				
2-19	Remuneration policies	161				
2-20	Process to determine remuneration	161				
2-21	Annual total compensation ratio	163				
2-22	Statement on sustainable development strategy	32-34				
2-23	Policy commitments	155				
2-24	Embedding policy commitments	155				
2-25	Processes to remediate negative impacts	110				
2-26	Mechanisms for seeking advice and raising concerns	155				

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
2-27	Compliance with laws and regulations	127,157				
2-28	Membership associations	46				
2-29	Approach to stakeholder engagement	40-44				
2-30	Collective bargaining agreements	42				13.21
GRI 3: Material Topics						
3-1	Process to determine material topics	45				
3-2	List of material topics	46-47				
3-3	Management of material topics	46-47				
GRI 201: Economic						
3-3	Management of material topics	46				
201-1	Direct economic value generated and distributed	82				13.22
201-2	Financial implications and other risks and opportunities due to climate change	130,182				13.2
201-3	Defined benefit plan obligations and other retirement plans	109				
201-4	Financial assistance received from government	77				
GRI 202: Market Presence						
3-3	Management of material topics	46,96				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	108				
202-2	Proportion of senior management hired from the local community	100				
GRI 203: Indirect Economic Impacts						
3-3	Management of material topics	46				13.22
203-1	Infrastructure investments and services supported	120-121				13.22
203-2	Significant indirect economic impacts	118				13.22
GRI 205: Anti-corruption						
3-3	Management of material topics	46,104				13.26
205-1	Operations assessed for risks related to corruption	104				13.26
205-2	Communication and training about anti-corruption policies and procedures	104				13.26
205-3	Confirmed incidents of corruption and actions taken	104				13.26
GRI 301: Material Management						
3-3	Management of material topics	46,137				
301-1	Materials used by weight or volume	137-138				
301-2	Recycled input materials used	138				
301-3	Reclaimed products and their packaging materials	138				

GRI Index Table

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
GRI 302: Energy						
3-3	Management of material topics	46,138				
302-1	Energy consumption within the organization	139-140				
302-2	Energy consumption outside of the organization		302-2	Information unavailable	Currently we are not gathering information of energy consumption outside of the organization	
302-3	Energy intensity	140				
302-4	Reduction of energy consumption	140				
302-5	Reductions in energy requirements of products and services	141				
GRI 303: Water and Effluents						
3-3	Management of material topics	46,141				13.7
303-1	Interactions with water as a shared resource	141				13.7
303-2	Management of water discharge-related impacts	142				13.7
303-3	Water withdrawal	141				13.7
303-4	Water discharge	142				13.7
303-5	Water consumption	141				13.7
GRI 304: Biodiversity						
3-3	Management of material topics	46,142				13.3
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	142				13.3
304-2	Significant impacts of activities, products, and services on biodiversity	142				13.3
304-3	Habitats protected or restored	90,142				13.3
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	142				13.3
GRI 305: Emissions						
3-3	Management of material topics	46,144				13.1
305-1	Direct (Scope 1) GHG emissions	144				13.1
305-2	Energy indirect (Scope 2) GHG emissions	144				13.1
305-3	Other indirect (Scope 3) GHG emissions	144				13.1
305-4	GHG emissions intensity	145				13.1
305-5	Reduction of GHG emissions	144				13.1
305-6	Emissions of ozone-depleting substances (ODS)	145				13.1

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	145				13.1
GRI 306: Waste						
3-3	Management of material topics	46,145				13.8
306-1	Waste generation and significant waste-related impacts	145				13.8
306-2	Management of significant waste-related impacts	145				13.8
306-3	Waste generated	145				13.8
306-4	Waste diverted from disposal	145				13.8
306-5	Waste directed to disposal	145				13.8
GRI 401: Employment						
3-3	Management of material topics	46,99				
401-1	New employee hires and employee turnover	100				13.20
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	108-109				
401-3	Parental leave	108				
GRI 402: Labor/Management Relations						
3-3	Management of material topics	46,101				
402-1	Minimum notice periods regarding operational changes	101				
GRI 403: Occupational Health And Safety						
3-3	Management of material topics	46,113				13.19
403-1	Occupational health and safety management system	113				13.19
403-2	Hazard identification, risk assessment, and incident investigation	114				13.19
403-3	Occupational health services	113				13.19
403-4	Worker participation, consultation, and communication on occupational health and safety	113				13.19
403-5	Worker training on occupational health and safety	113				13.19
403-6	Promotion of worker health	113				13.19
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	113				13.19
403-8	Workers covered by an occupational health and safety management system	113				13.19
403-9	Work-related injuries	114				13.19
403-10	Work-related ill health	114				13.19

GRI Index Table

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
GRI 404: Training And Education						
3-3	Management of material topics	46,105				
404-1	Average hours of training per year per employee	105				
404-2	Programs for upgrading employee skills and transition assistance programs	106-107				
404-3	Percentage of employees receiving regular performance and career development reviews	104				
GRI 405: Diversity and Equal Opportunity						
3-3	Management of material topics	46				13.15
405-1	Diversity of governance bodies and employees	100, 112				13.15
405-2	Ratio of basic salary and remuneration of women to men	108				13.15
GRI 406: Non-discrimination						
3-3	Management of material topics	46,104				
406-1	Incidents of discrimination and corrective actions taken	111				13.15
GRI 407: Freedom Of Association And Collective Bargaining						
3-3	Management of material topics	46,101				13.18
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	101				13.18
GRI 408: Child Labor						
3-3	Management of material topics	46,108				13.17
408-1	Operations and suppliers at significant risk for incidents of child labor	108				13.17
GRI 409: Forced Or Compulsory Labor						
3-3	Management of material topics	46,108				13.16
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	101,108				13.16
GRI 413: Local Communities						
3-3	Management of material topics	46,122				13.12
413-1	Operations with local community engagement, impact assessments, and development programs	118-125				13.12
413-2	Operations with significant actual and potential negative impacts on local communities	122				13.12

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
GRI 415: Public Policy						
3-3	Management of material topics	46,127				13.24
415-1	Political contributions	127				13.24
GRI 416: Customer Health And Safety						
3-3	Management of material topics	46,127				13.10
416-1	Assessment of the health and safety impacts of product and service categories	127				13.10
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	127				13.10
GRI 417: Marketing and Labelling						
3-3	Management of material topics	46,50				
417-1	Requirements for product and service information and labelling	50				
417-2	Incidents of non-compliance concerning product and service information and labelling	50				
417-3	Incidents of non-compliance concerning marketing communications	50				
GRI 418: Customer Privacy						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	50				
						13.4
		143				13.5
		115,138				13.6
		120				13.9
						13.13
						13.23
						13.25
Topics in the applicable GRI Sector Standards determined as not material						
TOPIC			EXPLANATION			
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022						
13.11: Animal health and welfare			As per the company policies, animal husbandry and aquaculture is not practiced within the organizational boundary			
13.14: Rights of indigenous peoples			Indigenous peoples are not available within the scope of the organization			

Consolidated Statement of ESG Performances

	Note	2023/24	2022/23
Environmental Performance			
Resource			
Non-renewable Energy Consumption for Operations (GJ)	2.1	15,944	16,355
Generation of Renewable Energy (GJ)	2.2	26,869	26,800
Water Consumption for Operations (m ³)	2.3	72,385	81,450
Waste			
Total Solid Non-hazardous waste (kg)	2.4	11,244	10,198
Total Solid Hazardous waste Disposed (kg)	2.4	954	1,286
Emission			
Carbon emitted for operations (tCO ₂ e)	2.5	9,988	9,624
Voluntary Initiatives			
Investments on Environment and Bio diversity Projects (LKR)	3.8	16,161,723	7,318,452
Social Performance			
People & Employees			
Total employees	3.1	7,621	7,626
Employee turnover (%)	3.1	26%	16%
Female employees as a percentage of total employees (%)	3.2	52%	54%
Female employees in decision-making roles	3.2	15	15
Employee engagement score (out of 5)	3.3	4.85	4.81
Employee Trust Index (out of 100)	3.4	94.00	99.95
Total number of injuries	3.5	0.13%	0.19%
Average training hours per employee	3.6	10.4	9.2
Total employee benefits distributed (Rs. 000)	3.8	4,184,709	4,109,935
Customers and Society			
Customer Satisfaction Index (%)	3.7	90%	87%
Duty and tariff paid (Rs. 000)	3.8	697,901	627,007
Donations and other social contributions (Rs. 000)	3.8	52,119	46,098
Number of apprenticeships provided for technical education	3.9	46	27
Governance Performance			
Values and Ethics			
Employees trained on Hayleys Life code of business conduct	4.1	98	96
Number of whistle-blower cases reported and solved	4.2	-	-
Number of Anti-Harassment cases reported and solved	4.3	-	-
Management Systems			
Number of total audits conducted on management systems	4.4	14	14
Number of non-compliances reported in management systems	4.4	-	-
Number of times the sustainability committee met	4.5	6	5
Data Privacy and Security			
Number of employees trained on data privacy	4.6	98	90

Notes to the Consolidated ESG Statement

SECTION 01 - BASIS OF PREPARATION

General Reporting Standards and Principals

This ESG statement is prepared for Kelani Valley Plantations PLC (KVPL) and for its subsidiaries. The indicators reported in the ESG statement are those that are material to the Group and are reported Aligned to;

- The GRI Universal Standards 2021 and GRI 13 Sector Standards issued by the Global Sustainability Standards Board (GSSB)
- International Integrated Reporting Framework (International <IR> Framework) 2021
- United Nations Global Compact (UNGC) Communication of Progress (COP) requirements
- United Nations Sustainable Development Goals (UNSDGs)
- The Companies Act of 2007 Listing rules of the CSE
- The Code of Best Practice on Corporate Governance for public listed companies, jointly issued by The Institute of Chartered Accountants of Sri Lanka, The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange.
- The ISO 14064-1:2018 Environmental Commitments & Social Commitments, GHG verification is used to measure and report on the Group's carbon footprint

KVPL applies reporting principles highlighted in GRI standards and <IR> Framework to ensure the quality of information presented. Some key principles are highlighted below.

Materiality

KVPL considers information that is material to financial capital providers in determining KVPL's value creation ability. A comprehensive materiality assessment is conducted annually, with the engagement of company's leadership, corporate & estate management teams, and other key stakeholder groups. Refer page xx to xx for more information about stakeholder engagement and Materiality assessment.

Accuracy, completeness, verifiability of data and information are ensured by qualified external audit body and the certified management systems that are audited twice a year.

They are;

KVPL

- ISO 22000:2018, HACCP and GMP (Good Manufacturing Practices)
- Rain Forest Alliance (RA)
- Forest Stewardship Council (FSC)
- ISO 14064-1:2018 (Environmental Commitments & Social Commitments, GHG verification)
- ISO 45001:2018 (Occupational Health and Safety)

Mabroc

- Food safety standards-FSSC 22000
- ISO 22000:2018

- HACCP
- BRC
- Rain Forest Alliance Master License Agreement
- ISO 9001:2015

Comparability

Indicators presented in this statement are calculated based on guidelines presented in GRI sustainability standards.

SECTION 02 - ENVIRONMENTAL PERFORMANCE

2.1 Non- Renewable Energy Consumption

Non-renewable Energy Consumption for Operations (GJ)

Energy Source	Energy Used (GJ)	
	2023/24	2022/23
Total Diesel Usage	13,234	13,995
Total Petrol Usage	2,346	2,062
LP Gas	364	297
Total	15,944	16,354

Basis of Measurement:

Energy consumption consists of consumption of power, heat, and fuel for KVPL's manufacturing operations. Other than renewable energy generated internally, as solar and hydro power, all other energy sources are from non-renewable sources such as petrol, diesel, and gas. The measurement is calculated based on the meter readings and invoices.

2.2 Renewable Energy Generation

Generation of Renewable Energy (GJ)

Hydropower Generation	2022/2023 (GJ)	2023/2024 (GJ)
Kalupahana	8,822	7,733
Glassaugh	16,404	17,871
Batalgalla	1,022	680
Udaradella	142	57
Solar power generation	2022/2023 (GJ)	2023/2024 (GJ)
Dewalakanda	410	528
Total	26,800	26,869

Basis of Measurement:

Renewable energy is generated through solar power plants installed on the roof tops of Dewalakanda Rubber processing center at Dehiowita, in Sabaragamuwa province. Hydro energy is generated through hydro power plants installed at Kalupahana, Glassugh, Battalgalla and Uda Radella estates. The measurement is based on meter readings of the system installed to facilitate solar and hydro power generation.

Notes to the Consolidated ESG Statement

2.3 Water Consumption for Operations (m³)

Surface water consumption for factory operation	Total (L)	Total (m ³)
2022/2023 (Liters)	81,450,000	81,450
2023/2024 (Liters)	72,385,490	72,385

Basis of Measurement:

KVPL's main water source is field level surface water generated through the water sources within our estates. Water used at the Colombo Head Office, is mainly from municipal water. Water consumption is measured based on meter readings and invoices.

2.4 Waste Disposed

Total Solid Non-hazardous waste (kg)

Non- Hazardous waste (kg)	2022/2023	2023/2024
Bio-degradable Waste / Food waste	2,786	1,075
Glass	338	1,356
Plastic	854	3,098
Polythene	4,654	5,352
Paper	1,566	363
Total	10,198	11,244

Total Solid Hazardous Waste Disposed (kg)

Hazardous waste (kg)	2022/2023	2023/2024
Empty Chemical cans	845	657
Medical Waste	31	16
Batteries	7	23
Bulbs	106	86
E-Waste	297	172
Total	1,286	954

Basis of Measurement:

Majority of polythene, plastics and glass are generated at the KVPL's estates and collected waste is segregated and dispatched through approved suppliers of the Central Environmental Authority (CEA). Waste water is treated, reused operations in our factories and the balance is released to the outside after it reach to approved PH level.

2.5 Emission

Carbon Emitted for Operations (tCO₂e)

GHG Emission (tCO ₂ e)	2022/2023	2023/2024
Scope 01	5,785	6,384
Scope 02	3,016	2,606

GHG Emission (tCO ₂ e)	2022/2023	2023/2024
Scope 03	824	998
Total GHG emission tCO ₂ e	9,624	9,988

Basis of Measurement

Emissions are limited to CO₂ emissions from energy and do not include other greenhouse gases. The methodology of measurement of the emission follows the WBCSD/WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). Reporting is primarily under Scopes 1 and 2 with some elements of the optional Scope 3, according to data availability. Invoices and meter readings are used when measuring consumption. Assumptions are used where required to arrive at estimated quantities of consumption when exact quantities are not available. Emission from petrol or diesel given to employees is calculated based on the actual usage of the fuel cards (a card that can be used to pump fuel from fuel stations) given to employees and fuel issues reports at the estates. Assumptions are used to identify the liters of usage based on the prevailing fuel prices in each month.

SECTION 03 - SOCIAL PERFORMANCE

3.1 Total employees and employee turnover

Employee composition as at 31st March

	Male	Female	Total
Permanent	2,687	3,004	5,691
Contract	953	977	1,930
Total	3,640	3,981	7,621

Category	Male	Female	Total
Executive	83	15	98
Non Executive	398	148	546
Manual	3,159	3,818	6,977
Total	3,640	3,981	7,621

Employee turnover

2019/20	2020/21	2021/22	2022/23	2023/24
0.1	0.12	0.07	0.16	0.26

3.2 Female employees as a percentage of total employees (Employee diversity)

Category	Male	Female	Total
Executive	83	15	98
Non Executive	398	148	546
Manual	3,159	3,818	6,977
Total	3,640	3,981	7,621

Female employees in decision making roles

	2023/24	2022/23
Managerial level	5	4
Executive	10	11

Basis of measurement

Employee diversity is a measure of total female employees as a percentage of total employees. Senior management includes employees above senior manager designations, and the middle management includes employees above Executives and Assistant manager designations, but below senior manager designations. Both middle management and senior management employees are considered as employees in decision making capacity.

3.4 Employees trust index (out of 100)

2023/24	2022/23	2021/22
94	99.95	88.76

Basis of measurement

Employee Trust Index is measured by use of GPTW Employee Trust Index based on credibility, respect, fairness, pride and camaraderie. Results were categorized based on parameters such as highly positive perception, positive, mixed perception and low perception. Comparison with the averages of Sri Lanka's Best 50 companies

3.5 Total number of injuries

Days/Absenteeism	2023/24	2022/23
Injuries	0.13%	0.19%
Occupational diseases	0.01%	0.01%
Lost working days	0.16%	0.20%
Work related fatalities	-	-

Basis of measurement

An injury is defined as non-fatal or fatal injury arising out of, or during, work. Injury rate is calculated based on the frequency of injuries, relative to the total time worked by all workers during the reporting period. An occupational disease is defined as disease arising from a work situation or activity, or from a work-related injury (Examples - stress or regular exposure to harmful chemicals). Lost working days are the number of days that cannot be worked (and are thus 'lost') because of a worker or workers being unable to perform their usual work due to an occupational disease or accident. Injuries and occupational diseases are recorded based on the logs maintained by the medical officer of respective locations.

3.6 Average training hours per employee

Training details report 2023/24

Category	Training Head Count			Training P/Hours		
	Male	Female	Total	Male	Female	Total
Executive	1,099	43	1,142	9,020.5	121	9141.5
Non-Executive	1,999	5,021	7,020	3,656	8,970	12,626
Manual	9,556	23,876	33,432	16,480	41,007	57,487
Total	12,654	28,940	41,594	29,156.5	50,098	79,254.5

Average hours of training per year per employee

Category	P/H Per Person - 2021/22			P/H Per Person - 2022/23		
	Male	Female	Total	Male	Female	Total
Executive	1.1	0.1	1.2	108.7	8.1	93.3
Non-Executive	0.3	0.4	0.7	9.2	60.6	23.1
Manual	2.2	5.1	7.3	5.2	10.7	8.2
Total	3.6	5.6	9.2	8.0	12.6	10.4

Basis of Measurement

Training hours per employee is calculated based on total hours of training provided to each employee category and the total employees trained. Employee training hours are measured based on online portal maintained in the group level.

3.8 Total employee benefits distributed (Rs. 000)

Statement of Value Addition and distribution - 2023/24

For the year/ period ended 31st March	Group			
	2023/24		2022/23	
	Rs. m		Rs. m	
Revenue	19,968		20,704	
Other income	214		249	
	20,182		20,953	
Cost of material and services obtained	(13,631)		(13,214)	
Value addition	6,552		7,739	
Value created shared with		%		%
Employees	4,185	63.8%	4,110	53.1%
Government of Sri Lanka	698	10.7%	627	8.1%
Shareholders	255	3.9%	680	8.8%
Lenders of Capital	(189)	-2.9%	(75)	-1.0%
Deferred tax impact	168	2.6%	568	7.3%
Value Retained for expansion & Growth				
Depreciation	494	7.5%	420	5.4%
Profit/(Loss)	940	14.3%	1,408	18.2%
	6,552	100%	7,739	100%

Notes to the Consolidated ESG Statement

Basis of Measurement

Statement of value created and distributed measures the financial value the Group created and how the financial value thus created is distributed amongst different stakeholders and thereby facilitates economic and social progress. Financial transactions recorded in the accounting system are the basis for this calculation. Value created compared to last year has decreased by 15% mainly due to the reduction in profit. But the Company was able to distribute major portion of its value among Employees and Government compared to last financial year.

Investments on Environment and Biodiversity Projects (LKR)

Investment/Cost (LKR)	2022/2023	2023/2024
Effluent/ Water Treatment Cost (if any cost other than constructions. Ex: Chemical Purchasing, Upgrading, Electricity, Labour & Other)	2,363,549	1,661,177
Soil Management & Conservation (include Cover Crops, Drains Labour/Terracing Labour/Quality Testing, etc)	153,691	3,753,560
Planting/maintenance of Agro-forestry & Fuelwood / Native and Shade Trees	109,900	1,945,556
Rainforest Alliance/FSC Program Certification Maintain Cost & Establishment of Vegetative Barriers & Chemical Free Buffer Zones	3,238,793	8,801,430
Other	75,520	-
Total	7,318,452	16,161,723

Customers and Society

3.7 Customer Satisfaction Index (%)

2023/24	2022/23
90%	87%

Basis of Measurement

Measuring customer satisfaction is at high priority for every business because client's feedback is a valuable contribution to the development of a company. KVPL, we measure customer satisfaction in Tea sector mainly using a questionnaire filled by our main buyers. The dedicated marketing division of tea, conducts the survey for every financial year end via formal surveys and informal interactions. We monitor customer satisfaction index (CSI) metric that reflects the overall customer satisfaction with KVPL estates product quality, Head office and Estate management service, company overall performance, etc. It allows KVPL marketing team to fine tune and further develop the quality of product and services. This metric allows KVPL to gain insights into various marketing aspects and have a clear picture of a KVPL's overall picture.

3.8 Duty and Tariff Paid (Rs. 000)

For the year ended 31 March	2023/24	2022/23
Corporate Income Tax	471,637	384,754
Government Lease Rental	121,851	89,852
Vat & Other Taxes	104,413	152,401
Total	697,901	627,007

Basis of Measurement

Taxes are calculated according to the Inland Revenue (Amendment) Act No. 45 of 2022. The Corporate income tax of the Group has increased due to increase in corporate tax rates in the corporate sector and the Government Lease has increased and the Government Lease Rental has increased due to the significant increase in GDP Deflator compared to the previous year

3.8 Donations and other social contributions (Rs. 000)

	2023/24	2022/23
	Rs. '000	Rs. '000
Community Development & Awareness Programmes	39,445	37,260
Housing for Workers & Family	12,524	8,838
Donations	150	-
Total	52,119	46,098

3.9 Number of apprenticeships provided for technical education

2023/24	2022/23
46	27

Basis of Measurement

Apprenticeships for technical education include paid and unpaid internships for youth who have completed or are following vocational or technical training as well as research placements, in collaboration with local and foreign universities and other higher/tertiary education institutes.

SECTION 04 - GOVERNANCE PERFORMANCE

Values & Ethics

4.1 Employees trained on Hayleys Life code of business conduct

2023/24	2022/23
98	96

Basis of Measurement

Calculated the head count based on the training provided to the Head Office & Estate Management on Hayleys Life Code with updates and separately the newly recruited employees were trained on the full version of Hayleys Life Code. The measurement is based on the HR records.

4.2 Number of Whistle - blower cases reported & solved

Basis of Measurement

Policy has encourage the employees to raise their concerns directly to Chief Executive Officer or General Manager - HR & Corporate Sustainability against unlawful acts & illegal acts. There were no cases reported in the last financial year as well as per the HR division records

4.3. Number of Anti - Harassment cases reported & solved

Basis of Measurement

KVPL is aligned with the Hayleys Anti - Harassment Policy and as a responsible corporate entity, the company has ensured that there were no cases reported in the previous & current financial year as well as per the HR division records

4.4. Number of total audits conducted on management systems

Basis of Measurement

Including the external audit, company has conducted 14 audits on Management System similar to the previous year with the Hayleys Internal Audit Department based on the records of Financial Division

4.4. Number of non-compliances reported in management systems

Basis of Measurement

There were no non - compliances reported in the management system as per the system audits conducted in the year

4.5. Number of times the sustainability committee met

2023/24	2022/23
6	5

4.6. Number of employees trained on data privacy

2023/24	2022/23
98	90

Basis of Measurement

Data Privacy and security lies with the Company IT Department & the Group IT of Hayleys. As per the records of the IT Department, all the Head Office and Estate Management is trained on the above topic

Glossary

FINANCIAL TERMS

ACCOUNTING POLICIES

The Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ACTUARIAL GAINS AND LOSSES

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

AGRICULTURAL PRACTICES

Is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion in to agricultural produce or in to additional biological assets.

AGRICULTURAL PRODUCE

Is the harvested product of the entity's biological assets.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AVAILABLE FOR SALE

Non derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

AWDR

Abbreviation for Average Weighted Deposit Rate.

AWPLR

Abbreviation for Average Weighted Prime Lending Rate.

BASIC EARNINGS PER SHARE

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

BEARER BIOLOGICAL ASSETS

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. (The biological assets other than the consumable biological assets).

B

Billion.

BIOLOGICAL ASSETS

A living animal or plant.

BIOLOGICAL TRANSFORMATION

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in a biological assets.

BORROWINGS/DEBT

All interest-bearing liabilities. Such as Bank loans, Overdraft, Long term loans, Debentures and Finance Obligations.

CAPEX

Abbreviation for Capital Expenditure.

CAPITAL EMPLOYED

Total equity, non-controlling interest and interest bearing borrowings.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

CASH EQUIVALENTS

Abbreviation for liquid investments with original maturity periods of three months or less.

CASL

Abbreviation for the Institute of Chartered Accountants of Sri Lanka.

CBSL

Abbreviation for Central Bank of Sri Lanka.

CONTINGENT LIABILITY

A possible obligation that arises from past events 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.

CONSUMABLE BIOLOGICAL ASSETS

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

CSE

Abbreviation for Colombo Stock Exchange.

CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

CURRENT SERVICE COST

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DCF METHOD

A method of valuing project, Company or asset using the concepts of the time value of money. All future cash flows are estimated and discounted by using cost of capital to give their present value(PVs).

DEBT TO EQUITY RATIO

Borrowing divided by Equity.

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.

DERIVATIVE

Is a financial instrument or other contract whose prices is dependent upon or derived from one or another underline asset.

DIVIDEND

Distribution of profits to holders of equity investments.

DIVIDEND COVER

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT

Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD

Dividend per share as a percentage of the market price. A measure of return on investment.

EBIT

Abbreviation for Earnings Before Interest and Tax.

EBITDA

Abbreviation for Earnings before Interest, Tax, Depreciation and Amortisation.

EFFECTIVE TAX RATE

Income tax expenses divided by profit from ordinary activities before tax.

EIR

Abbreviation for Effective Interest Rate.

ENTERPRISE VALUE-EV

Market capitalisation plus market value of debt, minority interest & preference shares minus total cash & cash equivalent.

ENTERPRISE MULTIPLE-EM

Enterprise value divided by earnings before Interest Tax Depreciation & Amortisation (EBITDA).

EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

EQUITY

Shareholders' fund.

EQUITY INSTRUMENTS

Any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

EQUITY METHOD

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

EVA

Abbreviation for Economic Value Addition. The return earned beyond the cost of capital. (Weighted Average Cost of Capital into Capital Invested minus Net Operating Profit).

FAIR VALUE

Fair Value is the amount for which an asset could be exchanged between a knowledgeable or liability settled between knowledgeable willing parties in an arm's length transaction.

FAIR VALUE THROUGH PROFIT AND LOSS

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short - term profit taking, or a derivative. (except for a derivative that is a financial guarantee contract).

FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

FORWARD CURRENCY CONTRACT

A forward contract in the forex market that locks in the price at which an entity can buy or sell a currency on a future date. Also known as "outright forward currency transaction", "forward outright" or "FX forward".

GEARING

Proportion of total interest-bearing borrowings to capital employed.

GEARING RATIO

Interest bearing capital divided by total capital invested (interest bearing and non-interest bearing).

GSA

Abbreviation for the Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as brokerage etc.

Ha

Hectares.

IBR

Abbreviation for Incremental Borrowing Rate.

INTEREST COVER

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

IAS

Abbreviation for International Accounting Standards.

IFRIC

Abbreviation for International Financial Reporting Interpretations Committee.

IFRS

Abbreviation for International Financial Reporting Standards.

LIBOR

Abbreviation for London Inter- Bank Offered Rate.

MARKET CAPITALISATION

Number of shares in issue multiplied by the market value of a share at the period date.

MARKET VALUE ADDED-MVA

The difference of market capitalisation and book value of share capital.

m

Million.

NET ASSETS PER SHARE

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

NON-CONTROLLING INTEREST

The interest of individual shareholders, in a company more than 50% of which is owned by a holding company.

COMPREHENSIVE INCOME

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

PRICE EARNINGS RATIO

Market price of a share divided by earnings per share as reported at that date.

Glossary

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the business.

RETIREMENT BENEFITS

Present value of a defined benefit.

OBLIGATION

The present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

CURRENT SERVICE COST

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

INTEREST COST

The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

ACTUARIAL GAINS AND LOSSES

The effect of difference between the previous actuarial assumptions and what has actually occurred and effects of changes in actuarial assumption.

RETURN ON EQUITY

Attributable profits to the shareholders divided by shareholders funds.

RETURN ON CAPITAL EMPLOYED

Profit before tax plus net interest cost divided by capital employed.

RETURN ON ASSETS

Profit before tax plus net interest cost divided by total assets.

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

RPT

Abbreviation for Related Party Transactions.

SEGMENTS

Constituent business units grouped in terms of similarity of operations and location.

SLFRS / LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

SLIBOR

Abbreviation of Sri Lanka Inter Bank offered Rate.

SoRP

Statement of Recommended practice.

SUBSIDIARY

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

SLAS

Abbreviation for Sri Lanka Accounting Standards. Also known as LKAS and SLFRS.

TOTAL BORROWING

Total borrowing consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with resources.

TURNOVER PER EMPLOYEE

Consolidated turnover of the company for the year divided by the number of employees.

VALUE ADDITION

The quantum of wealth generated by the activities of the group measured as the difference between turnover and the cost of materials and services bought in.

WORKING CAPITAL

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

NON-FINANCIAL TERMS

AGM

Abbreviation for Annual General Meeting

CROP

The total produce harvested over a given period of time (usually during a financial year).

EXTENT IN BEARING

The extent of land form which crop is being harvested

IMMATURE PLANTATION

The extent of plantation that is under-development and is not being harvested.

JEDB

Abbreviation for Janatha Estate Development Board

KVAL.N0000

CSE stock code for the company.

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

Ltr

Litre.

MATURE PLANTATION

The extent of plantation from which crop is being harvested.

REPLANTING

A method of field development where an entire unit of land is taken out of “bearing” and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

ESG

Environment, Social and Governance.

GHG

Green House Gas.

SDG

Sustainable Development Goals.

Notes

[illegible]

Notes

[illegible]

Corporate Information

GRI 2-1

NAME OF COMPANY

Kelani Valley Plantations PLC

LEGAL FORM

A Public Limited Company, incorporated in Sri Lanka on 18 June 1992.

REGISTRATION NUMBER

PQ 58

ACCOUNTING YEAR END

31 March

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

STOCK CODE

KVAL.N0000

PRINCIPAL LINE OF BUSINESS

Producing and processing of Tea and Rubber

DIRECTORS

Mr. A.M. Pandithage (Chairman)
 Dr. W.G.R. Rajadurai (Managing Director)
 Mr. A. Weerakoon (Chief Executive Officer)
 Mr. S.C. Ganegoda
 Mr. F. Mohideen
 Mr. C.V. Cabraal
 Mr. N. Ekanayake (Senior Independent Director)
 Mr. S.P. Peiris (appointed on 3 January 2024)
 Mr. M.C.B. Talwatte (appointed on 3 January 2024)
 Mrs. S. Amarasekera, PC (appointed on 3 January 2024)

SUBSIDIARIES

Kalupahana Power Company (Pvt) Ltd.
 Mabroc Teas (Pvt) Ltd.
 Kelani Valley Resorts (Pvt) Ltd.

AUDIT COMMITTEE

Mr. N. Ekanayake (Chairman)
 Mr. F. Mohideen
 Mr. M.C.B. Talwatte (appointed as a member 8 January 2024)
 Mr. C.V. Cabraal (stepped down from the Committee on 8 January 2024)

REMUNERATION COMMITTEE

Mr. N. Ekanayake (Chairman)
 Mr. F. Mohideen
 Mr. M.C.B. Talwatte (appointed as a member 8 January 2024)
 Mr. C.V. Cabraal (stepped down from the Committee on 8th January 2024)

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. N. Ekanayake (Chairman)
 Mr. F. Mohideen
 Mr. M.C.B. Talwatte (appointed as a member 8 January 2024)
 Mr. C.V. Cabraal (stepped down from the Committee on 8 January 2024)

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. N. Ekanayake (Chairman)
 Mr. F. Mohideen
 Mr. M.C.B. Talwatte (appointed as a member 8 January 2024)
 Mr. C.V. Cabraal (stepped down from the Committee on 8 January 2024)

MANAGING AGENT

DPL Plantations (Pvt) Ltd.
 400, Deans Road, Colombo 10, Sri Lanka.

SECRETARIES

Hayleys Group Services (Private) Limited
 400, Deans Road, Colombo 10, Sri Lanka.
 Telephone: (94-11) 2627650
 E-mail: info@sec.hayleys.com

Please direct any queries about the administration of shareholding to the Company Secretaries.

REGISTERED OFFICE / HEAD OFFICE

400, Deans Road, Colombo 10, Sri Lanka.
 Telephone: (94-11) 2627700, 2686274-5 (2 Lines)
 Fax : (94-11) 2694216
 E-mail : postmaster@kvpl.com
 website : www.kvpl.com

BANKERS

Bank of Ceylon
 NDB Bank
 Sampath Bank
 Hatton National Bank
 DFCC Bank
 Citi Bank N.A.
 People's Bank
 Amana Bank

AUDITORS

Ernst & Young Chartered Accountants
 No. 201, De Saram Place, Colombo 10 Sri Lanka.

Notice of the Meeting

NOTICE OF ANNUAL GENERAL MEETING
KELANI VALLEY PLANTATIONS PLC
 Company Registration No. PQ 58

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF KELANI VALLEY PLANTATIONS PLC will be held on Monday, 24th June 2024 at 11.00 a.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes;

1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2024, with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. S.P. Peiris, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28(2) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. M.C.B. Talwatte, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28(2) of the Articles of Association of the Company.
4. To re-elect as a Director Mrs. S. Amarasekera PC, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 28(2) of the Articles of Association of the Company.
5. To re-elect as a Director Mr. A. Weerakoon, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
6. To re-elect as a Director Mr. S.C. Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
7. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. F. Mohideen, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

'That, Mr. Faiz Mohideen, who has attained the age of seventy seven years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to him.'

8. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No.07 of 2007.

Ordinary Resolution

'That, Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy three years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to him.'

9. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
10. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.

By Order of the Board,
 KELANI VALLEY PLANTATIONS PLC



HAYLEYS GROUP SERVICES (PRIVATE)
 LIMITED
 Secretaries

Colombo.
 28th May 2024

Notes to shareholders:

1. The Annual Report of the Company for 2023/24 is available on the corporate website www.kvpl.com and on the Colombo Stock Exchange website - www.cse.lk.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request form' to the office of the Secretaries.

Form of Proxy

KELANI VALLEY PLANTATIONS PLC

Company Registration No. PQ 58

I/We(full name of shareholder)

NIC No./Reg. No. of Shareholderof.....

being Shareholder/Shareholders of **KELANI VALLEY PLANTATIONS PLC** hereby appoint:

(1)(full name of proxyholder)

NIC No. of Proxyholderofor,

failing him/them

(2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our proxy to attend and vote as indicated hereunder for me/us and on my/our behalf of at the Thirty Second Annual General Meeting of the Company to be held on Monday, 24th June 2024 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

		For	Against
1.	To adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2024, with the Report of the Auditors thereon.		
2.	To re-elect as a Director Mr. S.P. Peiris, as set out in the Notice.		
3.	To re-elect as a Director Mr. M.C.B. Talwatte, as set out in the Notice.		
4.	To re-elect as a Director Mrs. S. Amarasekera PC, as set out in the Notice		
5.	To re-elect as a Director Mr. A. Weerakoon, as set out in the Notice.		
6.	To re-elect as a Director Mr. S.C. Ganegoda, as set out in the Notice.		
7.	To re-appoint Mr. F. Mohideen, in terms of Section 211 of the Companies Act No. 07 of 2007.		
8.	To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.		
9.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.		
10.	To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.		

Signed on this day of2024.

.....
Signature of Shareholder

(Instructions are given overleaf)

Form of Proxy

Instructions

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Proxy Form must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.



www.kvpl.com

Kelani Valley Plantations PLC

No. 400, Deans Road, Colombo 10, Sri Lanka.