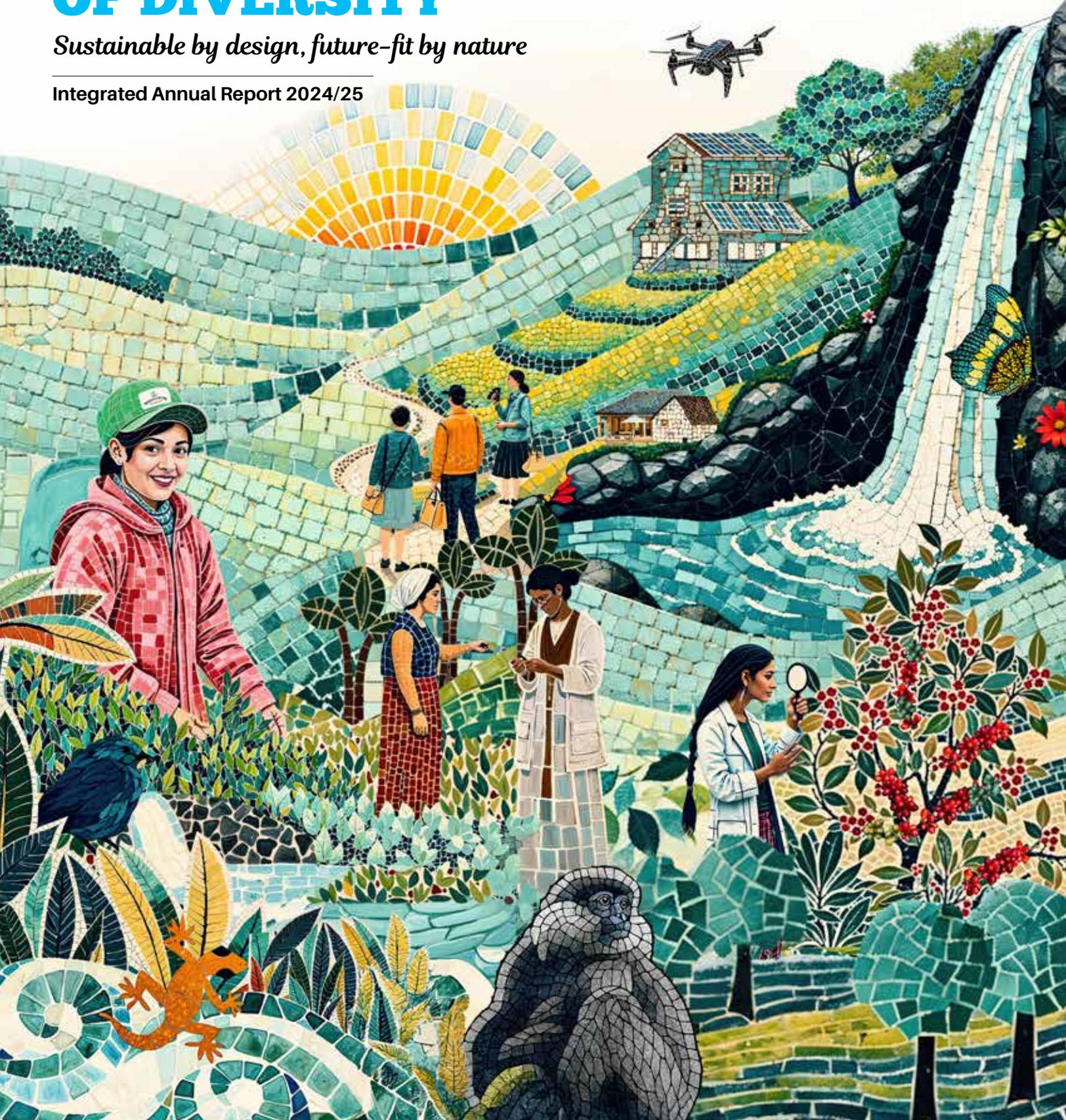


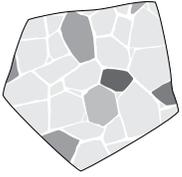
# IN THE MOSAIC OF DIVERSITY



*Sustainable by design, future-fit by nature*

Integrated Annual Report 2024/25





*A mosaic is an image that is made up of small pieces of regular or irregular coloured stone, glass or ceramic, which are held in place by plaster or mortar. Mosaics are often used as floor and wall decoration, and were particularly popular in the Ancient Roman world, some of which are still in existence today.*



## **“Accessible to All. Empowering the Visually Impaired.”**

As part of our ongoing commitment to accessibility and inclusion, this year’s Annual Report includes a specially designed **Braille summary** page. This initiative reflects our dedication to ensuring that visually impaired stakeholders can engage meaningfully with the core messages, milestones, and achievements of our organization.

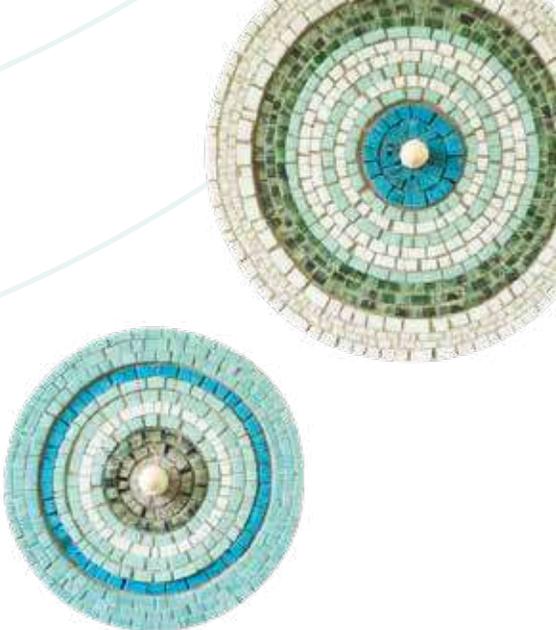
The Braille page features:

- A summary of key milestones and performance highlights
- A summary of our impact, growth, and future vision
- Clear and reader friendly language to enhance accessibility

By widening accessibility of our communications, we aim to foster a more inclusive and equitable environment one where all stakeholders, regardless of ability, are informed, valued, and involved.







# IN THE MOSAIC OF DIVERSITY

*Sustainable by design, future-fit by nature*

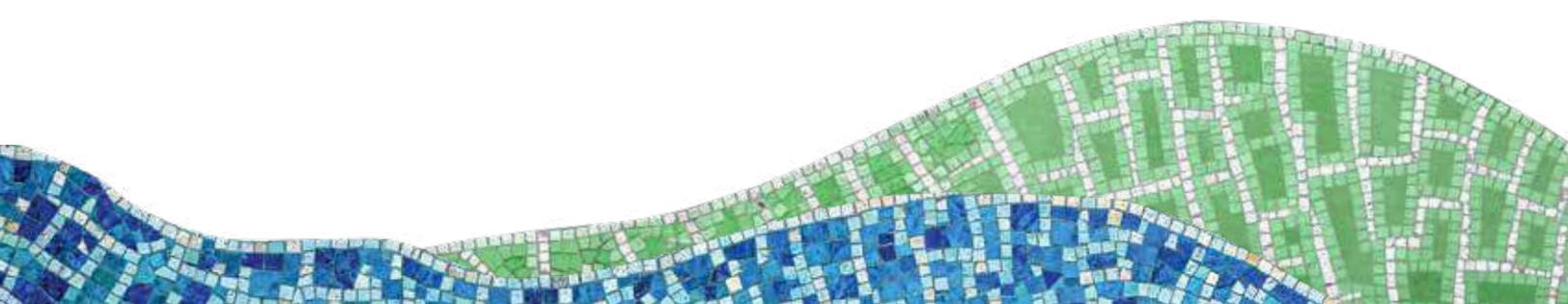
At Kelani Valley Plantations, diversity is not just a characteristic of the land it is the foundation of our future. Like the natural mosaics found in every forest floor and every canopy of green, our operations are a carefully composed tapestry of crops, communities, ecosystems, and innovations. Each piece is distinct, and yet a part of a cohesive whole.

This diversity is by design; from the crops we grow to the people we empower, from sustainable practices to forward-thinking investments, we have built a business model that embraces complexity and thrives on variety. In doing so, we have made ourselves not just resilient, but also "Future-Fit".

In a world defined by change, whether it be climatic, economic, or social, our fluidity / our flexibility to move and grow is rooted in this very mosaic. It is what allows us to remain agile in the face of uncertainty, innovative in times of need, and sustainable in the long run.

Every initiative this year has added a new tile to our bigger picture; our blueprint for excellence. One that brings us closer to a future where agriculture is regenerative, business is responsible, and growth is inclusive.

This is our mosaic of diversity.





KVPL continued to harvest the dividends of its investments of time, effort, strategic vision, sustainable mindset, community centric model and foresight, and we continue to be inspired and encouraged by the accolades whether it be from external sources or from our people.

## Page 32 Chairman's Message



සිංහල පරිච්ඡේදය  
தமிழ் மொழிபெயர்ப்பு



As we look ahead with renewed vigour, KVPL is well-positioned to realise the long-term benefits of its strategies. With a "Future Fit, Future Ready" mindset and strategies cultivated over several decades and a holistic approach to our business, we integrate each initiative, stakeholder, and sustainability effort into a larger mosaic of interdependent elements, all working together to create long-term value, resilience, and inclusive growth.

## Page 35 Managing Director's Review

# IN THE MOSAIC OF DIVERSITY

*Sustainable by design, future-fit by nature*

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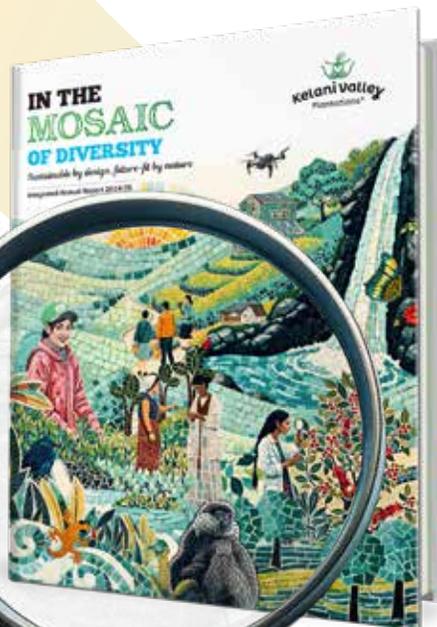


SDG Full Report



Every initiative this year has added a new tile to our bigger picture; our blueprint for excellence. One that brings us closer to a future where agriculture is regenerative, business is responsible, and growth is inclusive.

**This is our mosaic of diversity.**



2022/23

2023/24

Annual Report  
Web Version



[www.kvpl.com](http://www.kvpl.com)



**Rooted in Resilience**



**New Paths, Shared Purpose**



**Guardians of the Green Mosaic**



**People First, Future Ready**

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### Standards and Principles Reporting

- International Framework of the IIRC

### Governance, Risk Management and Operations

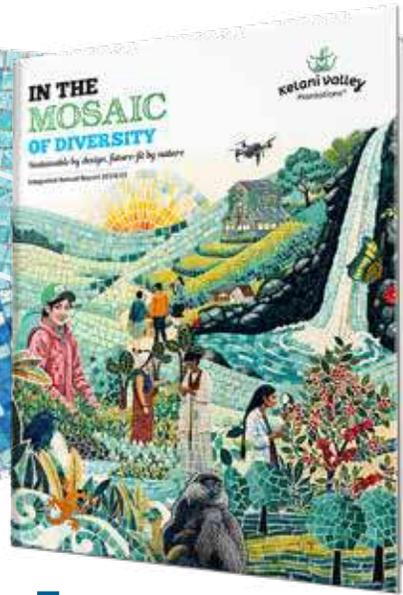
- Laws and regulations of the Companies Act No. 7 of 2007.
- Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to date.
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including directives and circulars.
- Code of Best Practice on Corporate Governance (2023) issued by Institute of Chartered Accountants of Sri Lanka (ICASL).
- 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.
- Climate first reporting aligning with IFRS S2/ SLFRS standard.
- Sustainability Accounting Standards Board (SASB)



# Welcome to

## Our 11<sup>th</sup> Integrated Annual Report

### Over View to this Report

#### GRI 2-3

Kelani Valley Plantations PLC presents its 11th 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 01 April 2024 and ending 31 March 2025.

It is also the 11th 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

Energy consumption data has been restated due to previously incorrect reporting of category-wise energy figures.



### 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, GRI and SASB Standard, and opinion on

the financial statements are provided by external Auditors, Messrs. Ernest & Young, Chartered Accountants, Colombo as set out on pages 225 to 227 and 295 to 296 respectively.

### Contact Point

GRI 2-3

KVPL welcomes any questions, clarifications and feedback on this report. Please contact [postmaster@kvpl.com](mailto:postmaster@kvpl.com)

**Navigation Icons**

**Capital Icons**

<b>FC</b> Financial Capital	<b>MC</b> Manufactured Capital	<b>HC</b> Human Capital
<b>SC</b> Social & Relationship Capital	<b>IC</b> Intellectual Capital	<b>NC</b> Natural Capital

**Stakeholders**

Employees	Regulators	Suppliers
Community	Government	Strategic Partners
Shareholders	Customers	

**EESG**

<b>E</b> Economics	<b>S</b> Social
<b>E</b> Environment	<b>G</b> Governance

### 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 2024/25 Integrated Annual Report 05 May 2025, for release to shareholders.

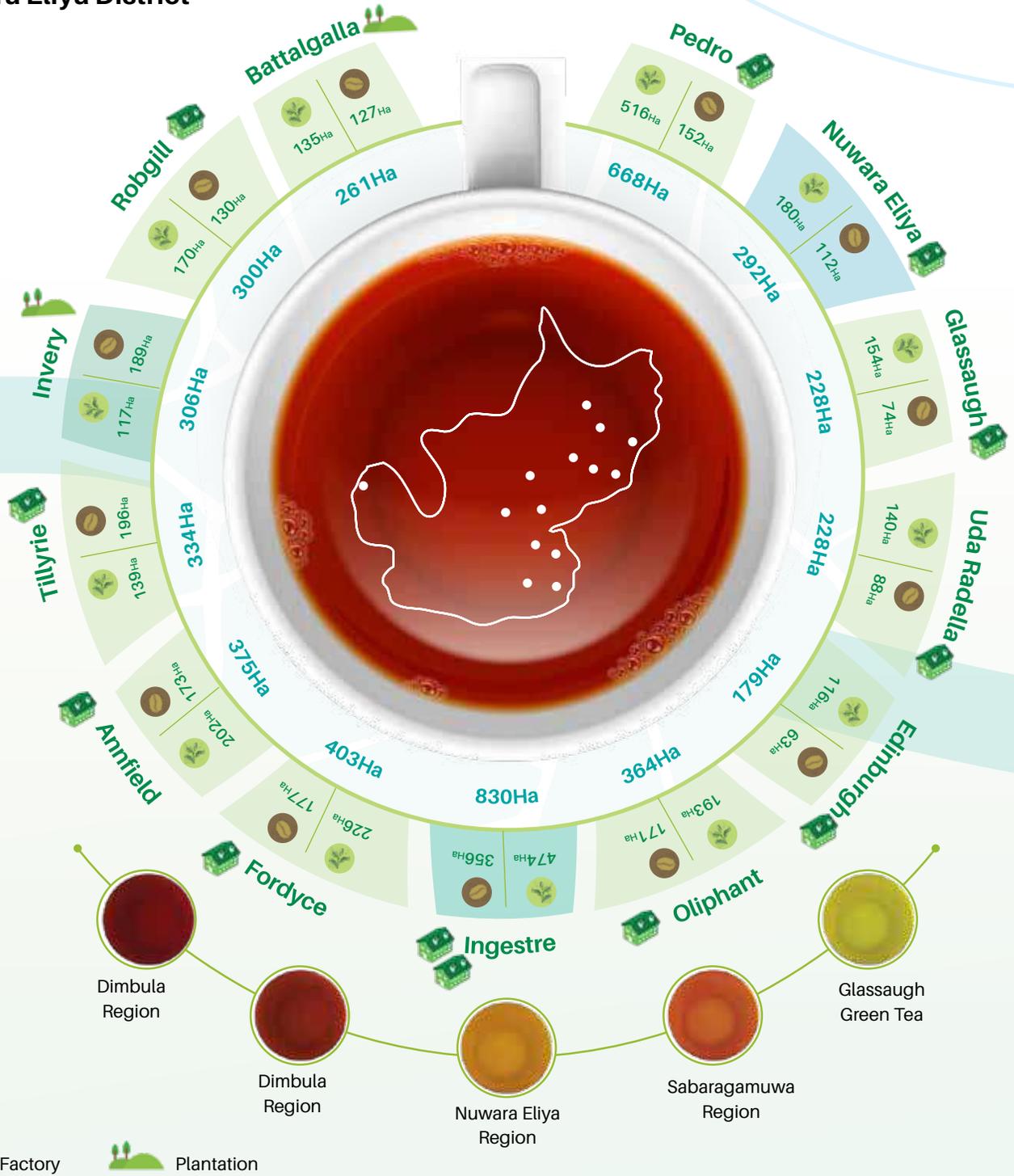
#### On behalf of Board of Directors

**Mohan Pandithage**  
Chairman

**Roshan Rajadurai PhD, D.Sc.**  
Managing Director

Date: 05 May 2025

**Nuwara Eliya District**



Dimbula Region

Dimbula Region

Nuwara Eliya Region

Sabaragamuwa Region

Glassaugh Green Tea

**13,128 Ha**

**Total Hectares Managed**

	Tea	3,128Ha	24%
	Rubber	3,142Ha	24%
	Other	6,858Ha	52%

**7,601 Ha**

**Mature**

	Tea	2,976Ha
	Rubber	2,793Ha
	Other	1,832Ha

**1,061 Ha**

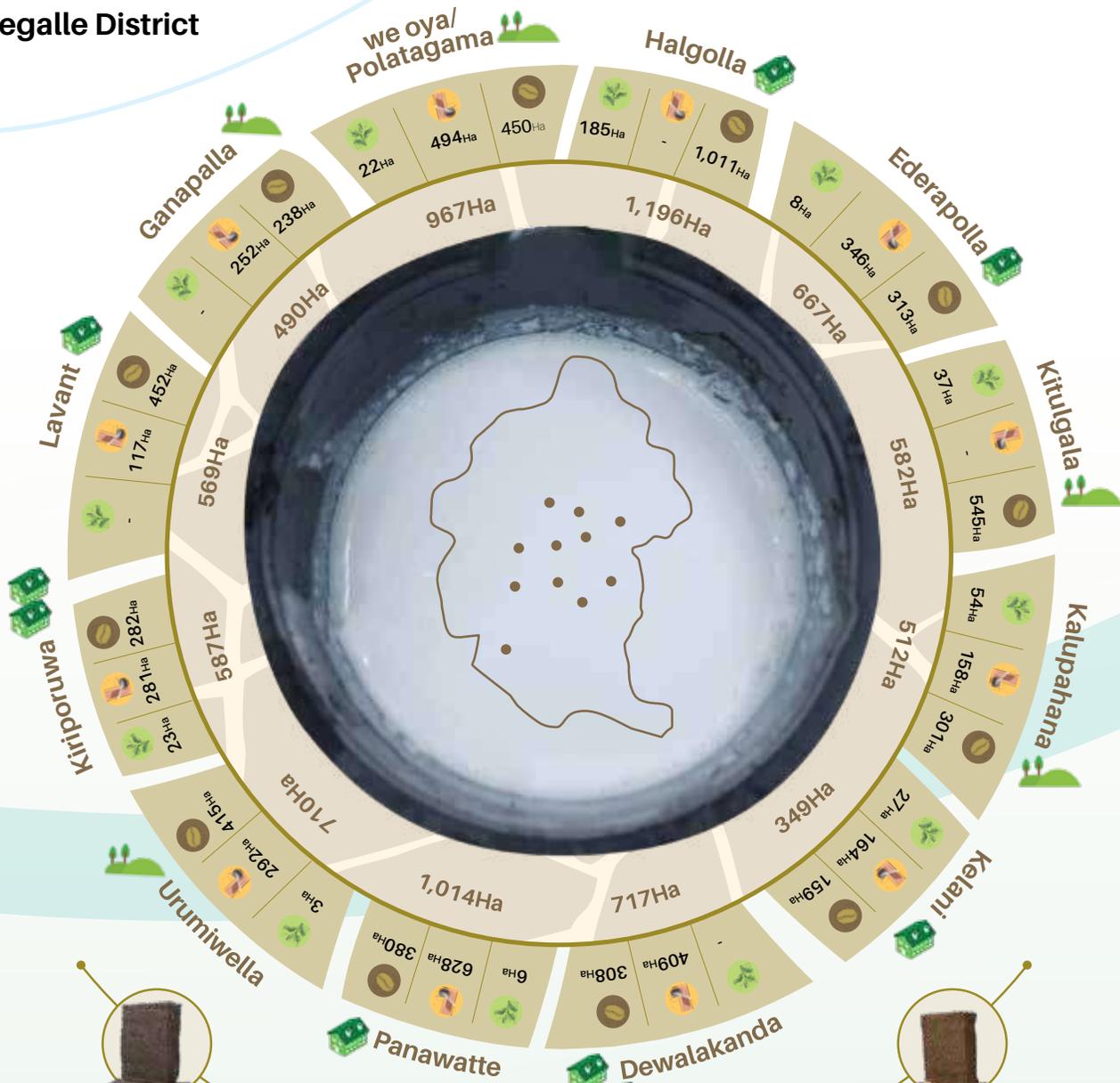
**Immature**

	Tea	150 Ha
	Rubber	348 Ha
	Other	563 Ha

**Crop- kgs MT**

	Tea	3,712
	Rubber	2,179

# Kegalle District



**Rs. 13 Billion**  
Tea Export Revenue

**Rs. 267 Million**  
Rubber Export Revenue

### Revenue Distribution Local & Global

Continent	Value	%
Asia (excluding Sri Lanka)	11,493,878	53.1%
Australia	472,471	2.2%
Europe	1,284,087	5.9%
America	95,183	0.4%
Total	13,345,618	

Sri Lanka  
**8,295,175**  
**38.3%**



## 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 Timber.**

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.

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

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) 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. In last FY, KVPL's Halgolla Estate has been obtained regenagri certification, making it the world's first tea estate to receive this well-deserved, prestigious recognition. This pioneering initiative exemplifies the unwavering commitment to responsible business, earning respect both nationally and globally, setting a future-ready model for the industry locally, regionally, and globally.

Mabroc Teas (Private) Limited., 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 (Private) Limited. 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 installations were successfully completed at Panawatta (168 kWp) and Ingestre Estates (133 kWp) in March 2025, while work is currently underway at the Hatton sub-office, further reinforcing KVPL's dedication to expanding its renewable energy initiatives.

It has also ventured into the leisure sector with the incorporation of Kelani Valley Resorts (Private) Limited. 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 7,613 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 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 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 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.

**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.

**1992**

Incorporated as a Regional Plantations Company

**1996**

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

FSC certification for Rubber

**2000**

Implementation of mini hydropower scheme at Battalgalla estate

**2004**

Acquired 40% of issued share capital of Mabroc Teas (Private) Limited.

**2007**

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

**2009**

Dewalakande and Panawatte Sole Crepe Certified for FSC

**2011**

Rainforest Alliance certification

**1995**

DPL Plantations (Private) Limited acquired the controlling interest.

**1998**

Debentures were converted to 14 m additional shares

**2006**

UN Global Compact Signatory with Mabroc and KVPL

**2003**

Strategic alliance with Mabroc Teas (Private) Limited

Incorporation of Kalupahana Power Company (Private) Limited

**2008**

Global G.A.P. Certification

**2010**

Acquired balance 60% of Mabroc Teas (Private) Limited

2025

**Winner**- Overall Gold award at CPM Best Management Practices Award 2024 with Five main categorical awards

**CA Sri Lanka TAGS Awards** - Plantations Sector GOLD - for 4th consecutive year

**Recognized with 1st Agribusiness corporate in the country** to be certified with ISO/IEC 27001:2022 for Information Security Management Systems.

**Halgolla Estate** - became the world's 1st Tea Estate to be certified with "regenagri" certification

**1st Plantation company** to be certified as Great Place to Work for 4th consecutive year

## 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

## 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

## 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.

## 2016

GMP Certification - Tea Factories

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

Winner - Global HR Excellence Award

## 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.

## 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

Honored 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

## 2017

Incorporated Fully owned subsidiary - Kelani Valley Resorts (Private) Limited

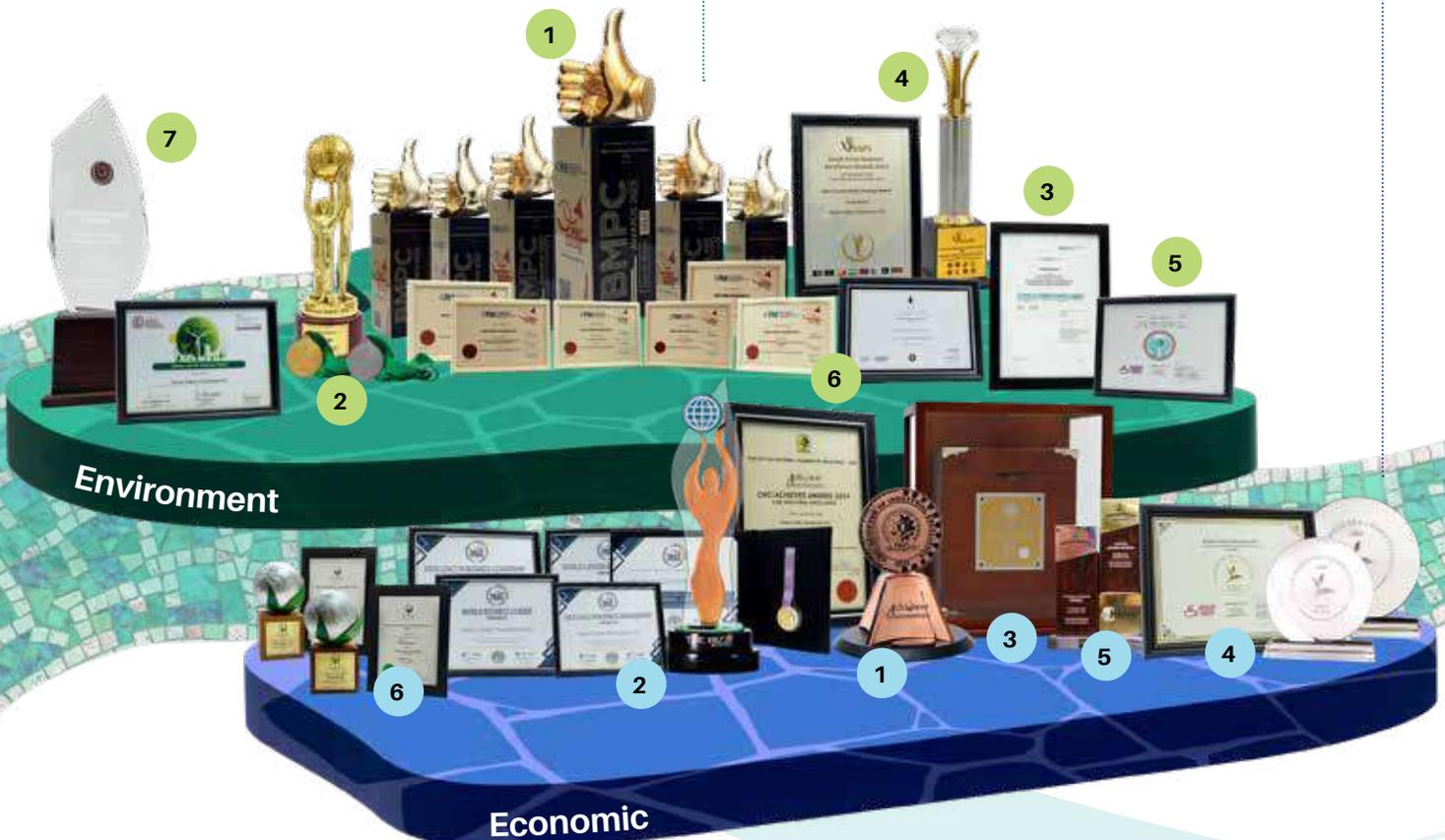
Gold Winner of National Business Excellence Awards (Agriculture & Plantation Sector) and Bronze in Overall Excellence

## Environment

- Best Management Practices Company Award 2025 - The Institute of Chartered Professional Managers of Sri Lanka
  - Overall Winner - Gold Award
  - Environmental, Social & Governance - Gold Award
  - Agriculture & Plantations - Rubber Gold Award
  - Agriculture & Plantations - Tea Gold Award
  - Excellence in Management Practices Company - Gold Award
  - Leadership Excellence - Gold Award
- Chairman's Awards 2024 (Hayleys PLC) - Plantation Sector
  - Gold Award - Dewalakande Sole crepe factory
  - Merit Award - Robgill Estate
- Regenagri Certification - Control Union Global - Halgolla Estate
- South Asian Business Excellence Awards 2024 - Best Sustainability Strategy - Organizational Category - Winner
- Sustainability Awards (North American Tea Conference) "Journey towards World's First regenagri Certified - Tea Estate" - Winner - Halgolla Estate
- The Leafies 2024 - International Tea Awards 2024 - Winner of the Highly Commended Award
- Best Corporate Citizen Sustainability Awards 2024 (Ceylon Chamber of Commerce) - Ten Best Corporate Citizen Award - Winner

## Economic

- CNCI Achiever Awards 2024 (The Ceylon National Chamber of Industries) -Extra-large manufacturing category -National Bronze Award
- Bizz Awards 2024 - World Confederation of Business, USA
  - World Business Leader Category - Winner
  - Most Inspirational Company Category - Winner
  - Recognition for Excellence in Business Leadership - Winner
  - World Leader Businessperson Category - Winner
  - Recognition for Excellence in Business Management - Winner
- Ceylon Specialty Estate Tea of the Year 2024 - Lovers' Leap (FBOP)
- Sustainability Awards 2024 - Gold Medal Tea Competition (North American Tea Conference)
  - Western High (White Silver Tips) - Overall Winner
  - Western High (White Silver Tips) - Winner
- 2nd Highest GSA - 2023 (Forbes & Walker Tea Brokers (Private) Limited, Tea Sector- 1st Runner-up
- Tea Award for Outstanding Tea Producers (Tea Exports Association Sri Lanka)
  - Winner - Pedro Estate
  - Runner-up - Robgill Estate



# AWARDS &

## Social

1. SLITAD People Development Award - 2024 (Sri Lanka Institute of Training and Development)- Gold Award
2. Best OSH Practices 2024 (PHDT)- Ederapola Estate - Appreciation Award
3. User Centric Innovation 2024 (PHDT) - Dewalakanda Estate - Appreciation Award
4. Commonwealth Business Excellence Awards 2024 - Commonwealth Partnership Summit
  - Best CSR in Environmental Impact - CSR Category - Winner
  - Best Employee Training, Learning & Development Strategy - HR Category - Winner
  - Sustainable Business of The Year Award - Special Category - Winner
5. Great Place to Work
  - Great Place to Work Certification 2024/2025
  - Best Work Places in Asia - Large 2024/2025
  - Best Work Places in Sri Lanka - Work Place Heroes 2024/2025
6. LMD Most Respected Entities in Sri Lanka- 2024 - Plantation Sector- Winner
7. Mother Child Friendly Seal Certificate of Achievement 2024-2025- The Center for Child Rights and Business
8. Social Dialogue Excellence Awards 2024 (Department of Labour Sri Lanka) - Certificate of Excellence for Industrial Conciliation - Winners (Pedro Estate, Tillyrie Estate, Halgolla Estate, Invery Estate, Battalgalla Estate)

## Governance

1. Best Corporate Citizen Sustainability Awards 2024 (Ceylon Chamber of Commerce) - Less than 15B Turnover Category Award - First Runner up
2. Best Presented Annual Report Awards, Integrated Reporting Awards & SAARC Anniversary Awards for Corporate Governance Disclosure 2023 (South Asian Federation of Accountants) -Agriculture Category - Bronze
3. CMA Excellence in Integrated Reporting Awards 2024 (Institute of Certified Management Accountants of Sri Lanka) - Merit Award
4. CA TAGS 2024 (Institute of Chartered Accountants of Sri Lanka)
  - Group Turnover above 5 billion - Gold Award
  - Sustainability Reporting Certificate
5. ISO/IEC 27001:2022 Certification - The International Organization for Standardization- Excellence in Information Security Management



# ACCOLADES



(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



**(Standing) - Left to Right**

**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

**Mohan Pandithage***Chairman*

Appointed to the Board on 1 January 2007

**Skills and experience**

Since assuming the role of Chairman and Chief Executive in 2009, Mr. Pandithage's strategic vision has redefined the growth trajectory of Hayleys, transforming the Group to one of Sri Lanka's most diversified, sustainable and socio-economically impactful enterprises. His foresight in capturing emerging opportunities and driving strategic investments in key industries have significantly enhanced the Group's earnings potential and long-term resilience. Mr. Pandithage is an accomplished industry veteran and respected leader in the field of transportation and logistics, having led the Group's Transportation Sector prior to this appointment as Chairman of the Group. He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport and has been honoured with the prestigious "Best Shipping Personality" Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. He was also inducted as a "Legend of Logistics" by the Sri Lanka Logistics and Freight Forwarding Association.

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.

Mr. Pandithage also serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka.

**Other appointments**

Executive Chairman and Chief Executive of Hayleys PLC. Executive Chairman of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Singer (Sri Lanka) PLC, Hayleys Fibre PLC, Talawakelle Tea Estates PLC, Horana Plantations PLC, Alumex PLC, The Kingsbury PLC and Hayleys Leisure PLC. He also serves as a Non-Executive Director on the Board of Diesel and Motor Engineering PLC.

**Board subcommittee membership**

- AC** Audit Committee
- RPTRC** Related Party Transactions Review Committee
- RC** Remuneration Committee
- NGC** Nomination and Governance Committee

**Roshan Rajadurai***Managing Director/ Executive Director*

Appointed to the Board on 1 January 2013

**Skills and experience**

An industry veteran with over 42 years of experience in the plantations sector, Dr. Rajadurai currently serves as the Managing Director of Hayleys Plantation Sector comprising Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC and Horana Plantations PLC. He joined the Hayleys Group in 2013, prior to which was Director /CEO of Kahawatta Plantations PLC. He was also formerly 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 holds a PhD in Management, DSc in Agriculture, MBA and MSc in Agriculture and Plantation Crops from the Postgraduate Institute of Agriculture and a MSc in Organisational Behaviour. He also holds a BSc Honors in Plantation Management.

**Other appointments**

Chairman of the Sustainability Working Group, serves on the "Standing Committee on Agriculture of the University Grants Commission," Member of Public Expenditure Review Committee (PERC) for Ministry of Plantations.

**Anura Weerakoon***Chief Executive Officer/Executive Director*

Appointed to the Board on 1 December 2018

**Skills and experience**

Appointed as an Executive Director to the Board of Kelani Valley Plantations PLC in December 2018 after being promoted as a Chief Executive Officer. 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.

**Other appointments**

He serves on the Boards of DPL Plantations (Private) Limited, Kalupahana Power Company (Private) Limited. and Kelani Valley Resorts (Private) Limited. since December 2018. Appointed as a Director of Mabroc Teas (Private) Limited. (a fully owned subsidiary of Kelani Valley plantations PLC) in January 2023.

## Sarath Ganegoda

*Non-Executive Director*

Appointed to the Board on 1 September 2009

### Skills and experience

An accomplished corporate leader counting over 30 years of multifaceted experience across diverse industries, Mr. Ganegoda has held several senior leadership positions in large private sector organisations in Sri Lanka and overseas. Having served the Hayleys Group between 1987 and 2002, he rejoined in 2007 and was appointed to the Group Management Committee the same year. He is currently responsible for the Strategic Business Development Unit and Group Information Technology of Hayleys PLC.

Mr. Ganegoda holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. He is a Fellow Member of CA Sri Lanka and a Member of the Institute of Certified Management Accountants of Australia.

### Other appointments

Executive Director of Hayleys PLC, Deputy Chairman of Alumex PLC, Non-Executive Director of Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Horana Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC. He serves on the Boards of several private and unlisted public companies in the Hayleys Group. He also serves as the Chairman of Sri Lankan Airlines Ltd and Sri Lankan Catering Limited.

## Nandana Ekanayake

*Senior Independent Director*

Appointed to the Board on 29 June 2022



### Skills and experience

Mr. Ekanayake is a Fellow Member of the Institute of Chartered Accountants of 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 has also 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.

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

He also served as an Independent Board Member of Biodiversity Sri Lanka for a two-year term from 2020 to 2022.

## Other Appointments

Chairman/CEO of Siam City Cement (Lanka) Ltd, Chairman/CEO 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. Senior Independent Director Talawakelle Tea Estates PLC and Hayleys Fabric PLC.

## Faiz Mohideen

*Non-Executive Director*

Appointed to the Board on 30 October 2008



### Skills and experience

Mr. Mohideen 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.

## Chathura Cabraal

*Non-Executive Director*

Appointed to the Board on 9 January 2013

Mr. Cabraal holds a Bachelor of Science (BSc.) degree in Mechanical Engineering with Honours, specializing in manufacturing and design, from the Missouri University of Science and Technology, USA. He began his career in 2010 as a Management Trainee at John Keells Hotel Management Services and subsequently held the role of Sustainability Engineer at Brandix Lanka (Pvt) Ltd from 2011 to 2014, within the Energy and Environment Department. He served as the Senior Manager - Estate Management at CHEC Port City Colombo (Pvt) Ltd until October 2023.

### Other Appointments

He previously served on the Board of the Export Development Board of Sri Lanka and holds directorships at The Fortress Resort and Spa PLC as a Non-Executive Director and Renuka City Hotels PLC as an Independent Non-Executive Director.

**Sujeewa Peiris***Non-Executive Director*

Appointed to the Board on 3 January 2024

**Skills and experience**

Mr. Peiris brings over three decades of extensive experience in the capital markets industry. Throughout his career, he has been instrumental in introducing a wide network of high-net-worth individuals and institutional investors to Bartleet Religare Securities (Pvt) Ltd (BRS) and the broader Sri Lankan stock market. His strategic contributions have supported numerous high-value transactions, including acquisitions, takeovers, and the sale of significant equity stakes. Mr. Peiris has also built and led a robust investment advisory team operating across key strategic and commercial districts in Sri Lanka.

As the current Chief Executive Officer of BRS, Mr. Peiris oversees the company's overall operations. He is a respected and widely recognized stockbroker and investment advisor, licensed by the Securities and Exchange Commission of Sri Lanka.

In addition to his executive responsibilities, he has previously served as an Independent Non-Executive Director on the Board of Dipped Products PLC.

**Other appointments**

He currently serves as the Chief Executive Officer of Bartleet Religare Securities (Pvt) Ltd, a position he holds alongside his tenure on the company's Board of Directors since 2008. Additionally, he is an elected Non-Executive Director on the Board of the Colombo Stock Exchange.

**Malaka Talwatte***Independent Non-Executive Directors*

Appointed to the Board on 3 January 2024

**Skills and experience**

Mr. Talwatte is 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, he served as the Chairman of the Sri Lanka Broadcasting Corporation and currently serves as the Chair of the George Keyt Foundation, drawing on his extensive knowledge of Sri Lankan art to support the development of the Arts in Sri Lanka.

**Other appointments**

Independent Non-Executive Director of Horana Plantations PLC and Talawakelle Tea Estates PLC. Executive Director of Saffron Leisure (Pvt) Ltd, Saffron Solutions (Pvt) Ltd and Saffron Investments (Pvt) Ltd.

**Saumya Amarasekera, PC***Independent Non-Executive Directors*

Appointed to the Board on 3 January 2024

**Skills and experience**

Mrs. Amarasekera is an Attorney-at-Law and counts over 36 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 Master in 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 an 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.

**Other appointments**

She currently serves as an Independent Non-Executive Director on the Board of Hayleys Fibre PLC and Windforce PLC and is also a Director of Silver Aisle (Pvt) Ltd, Manson Investments (Pvt) Ltd, Leisure Holdings (Pvt) Ltd and Leisure Lines Lanka (Pvt) Ltd.



**Vidura Weerabahu**  
Director - Finance



**Ranil Fernando**  
Director - Rubber Marketing & Administration



**Viren Ruberu**  
Director - Low Country



**Dilum Pathirana**  
Director - Up Country



**Dr. Anuruddha Gamage**  
General Manager - HR & Corporate Sustainability



**Madhawa Wickramaratne**  
General Manager - Marketing



**Anura Senanayake**  
Regional General Manager - Crop Diversification/Export Agriculture



**Senaka Dayananda**  
Deputy General Manager - Engineering



**Susantha Wijesinghe**  
Assistant General Manager - Information Technology



**Kenneth Alles**  
Assistant General Manager - Corporate Affairs



**Chandana Senevirathne**  
Senior Manager - Accounts



**Kalidas Murugadas**  
Senior Manager - Crop Diversification/Export Agriculture



**Lasantha Prabath**  
Manager - Accounts

## Corporate Management Profile Up Country



**Indra Gallearachchi**  
Regional General Manager  
Invery Estate



**Buddika Attanayake**  
Senior Deputy General Manager  
Annfield Estate



**Udeni Wanigathunge**  
Deputy General Manager  
Edinburgh Estate



**Yasith Hettiarachchi**  
Assistant General Manager  
Fordyce Estate



**Rajith Gnanasekeram**  
Assistant General Manager  
Glassaugh Estate



**Eroshan Peiris**  
Assistant General Manager  
Pedro Estate



**Desmond Augustine**  
Estate Group Manager  
Ingestre Estate



**Thushan Benthota**  
Senior Estate Manager  
Tillyrie Estate



**Manoj Wijayawardane**  
Estate Manager  
Uda Radella Estate



**Hasthika Peiris**  
Estate Manager  
Robgill Estate



**Amila Ranasinghe**  
Estate Manager  
Nuwara Eliya Estate



**Shayan Jackson**  
Acting Estate Manager  
Oliphant Estate



**Neuman Dilan**  
Deputy Estate Manager in Charge  
Battalgalla Estate

## Low Country



**Senaka Fernando**  
Regional General Manager  
Dewalaksana Estate



**Eranda Welikala**  
Senior Deputy General Manager  
Ederapola Estate



**Chandana Wanniarachchi**  
Assistant General Manager  
Process Technology



**Shashika Bulumulla**  
Estate Group Manager  
We-Oya Estate



**Udara Jayasundara**  
Estate Group Manager  
Panawatte Estate



**Ravindra Senarathna**  
Estate Group Manager  
Halgolla Estate



**Senarath Nawarathne**  
Senior Manager  
Urumiwella Estate



**Roshindra Senawiratne**  
Senior Manager  
Kitulgala Estate



**Asantha Perera**  
Estate Manager  
Kelani Estate



**Chathuranga Athauda**  
Estate Manager  
Ganepalla Estate



**Salinda Samarakoon**  
Acting Estate Manager  
Lavant Estate



**Shamila Jayasundara**  
Acting Estate Manager  
Kalupahana Estate



**Chamitha Dassanayake**  
Deputy Estate Manager in Charge  
Kiriporuwa Estate

**BOARD OF DIRECTORS****Kelani Valley Plantations PLC**

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

**Directors:**

- Mr. Mohan Pandithage - *Chairman*
- Dr. Roshan Rajadurai - *Managing Director*
- Mr. Anura Weerakoon - *Chief Executive Director*
- Mr. Sarath Ganegoda
- Mr. Nandana Ekanayake - *Senior Independent Director*
- Mr. Faiz Mohideen
- Mr. Chathura Cabraal
- Mr. Sujeewa Peiris
- Mr. Malaka Talwatte
- Mrs. Saumya Amarasekera, PC

**DPL Plantations (Private) Limited**

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

**Directors:**

- Mr. Mohan Pandithage - *Chairman*
- Dr. Roshan Rajadurai
- Mr. Sarath Ganegoda
- Mr. Anura Weerakoon

**Kalupahana Power Company (Private) Limited**

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

**Directors:**

- Dr. Roshan Rajadurai
- Mr. Anura Weerakoon
- Mr. Firdowsy Mohamed Ismail
- Mr. Lionel Fernando

**Mabroc Teas (Private) Limited**

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

**Directors:**

- Mr. Mohan Pandithage - *Chairman*
- Mr. Niran Ranatunga - *Deputy Chairman*
- Mr. Rajeev Samarasinghe - *Managing Director*
- Mr. Sarath Ganegoda
- Dr. Roshan Rajadurai
- Mr. Anura Weerakoon
- Mr. Sanjeeva Hikkaduwwage

**Kelani Valley Resorts (Private) Limited**

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

**Directors:**

- Mr. Mohan Pandithage - *Chairman*
- Dr. Roshan Rajadurai
- Mr. Anura Weerakoon
- Mr. Rohan Karunarajah

## Kelani Valley Plantations PLC

### Board of Directors:

➤ Mohan Pandithage	Chairman
➤ Dr. Roshan Rajadurai	Managing Director
➤ Anura Weerakoon	Director/Chief Executive Officer

### Operational Directors:

➤ Vidura Weerabahu	Director Finance
➤ Ranil Fernando	Director Rubber Marketing & Administration
➤ Viren Ruberu	Director - Low Country
➤ Dilum Pathirana	Director - Up Country

### General Managers:

➤ Dr. Anuruddha Gamage	Human Resources & Corporate Sustainability
➤ Madhawa Wickramaratne	Marketing

### Regional General Managers:

➤ Senaka Fernando	Dewalakande
➤ Indra Gallearachchi	Invery
➤ Anura Senanayake	Crop Diversification & Export Agriculture

### Senior Deputy General Managers:

➤ Eranda Welikala	Ederapola
➤ Buddika Attanayake	Annfield

### Deputy General Managers:

➤ Udeni Wanigathunge	Edinburgh
➤ Senaka Dayananda	Engineering

### Assistant General Managers:

➤ Susantha Wijesinghe	Information Technology
➤ Kenneth Alles	Corporate Affairs
➤ Chandana Wanniarachchi	Process Technology
➤ Yasith Hettiarachchi	Fordyce
➤ Rajith Gnanasekeram	Glassaugh
➤ Eroshan Peiris	Pedro

### Group Managers:

➤ Shashika Bulumulla	We-Oya
➤ Desmond Augustine	Ingestre
➤ Udara Jayasundara	Panawatte
➤ Ravindra Senarathna	Halgolla

### Senior Managers:

➤ Chandana Senevirathne	Accounts
➤ Kalidas Murugadas	Crop Diversification & Export Agriculture
➤ Senarath Nawarathne	Urumiwella
➤ Roshindra Senawiratne	Kithulgala
➤ Thushan Benthota	Tillyrie

### Managers:

Lasantha Prabath	Accounts
Hemamali Paranawithana	HRD & Health
Niluka Amarasena	Regional Administration
Sivanu Kathirgamanathan	Regional Administration

### Estate Managers:

Up Country (Nuwara Eliya & Hatton Group)	
Hasthika Peiris	Robgill
Amila Ranasinghe	Nuwara Eilya
Manoj Wijayawardane	Uda Radella
Shayan Jackson *	Oliphant
Neuman Dilan **	Battalgalla

### Low Country (Tea & Rubber Group)

Asantha Perera	Kelani
Chathuranga Athauda	Ganepalla
Salinda Samarakoon *	Lavant
Shamila Jayasundara *	Kalupahana
Chamitha Dassanayake **	Kiriporuwa

\* Acting Estate Manager

\*\* Deputy Estate Manager in Charge

## Mabroc Teas (Private) Limited

### Directors:

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

### General Managers:

Lalantha Peris	International Marketing
Upuli Kulasiri	Internal Trade
Menaka Perera	Operations

### Deputy General Managers:

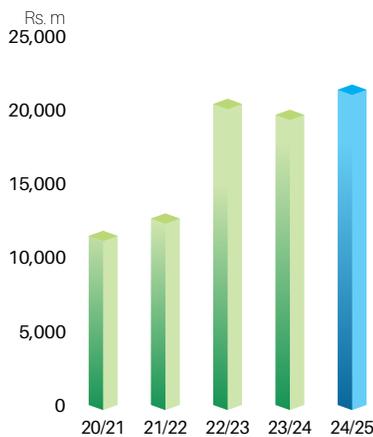
Kamal Willegoda	Finance
Vidusha Wakista	Tea Department
Evans Samaraweera	Factory

### Managers:

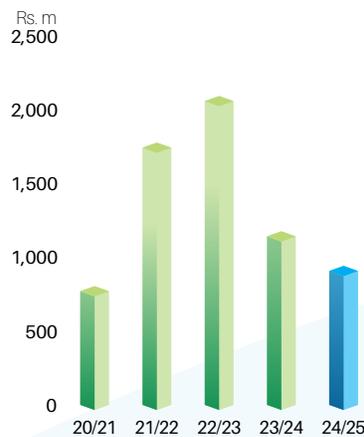
Yasith Rupasinghe	Tea Department
Anuradha Samarasinghe	Finance
Samantha Weerathne	Finance
Malinda Peiris	Finance
Sheranil Fernandopulle	Quality Assurance

For the year ended 31 March	Group			Company			
	2024/25 Rs. '000	2023/24 Rs. '000	% Change of	2024/25 Rs. '000	2023/24 Rs. '000	% Change of	
<b>Earning Highlights and Ratios</b>							
Revenue	Rs.'000	21,640,793	19,968,249	8%	8,101,715	7,432,009	9%
Result from operating activities	Rs.'000	1,451,660	1,881,034	-23%	914,070	1,165,068	-22%
Profit/(Loss) before tax	Rs.'000	1,380,770	1,849,441	-25%	928,578	1,315,970	-29%
Profit/(Loss) after tax	Rs.'000	941,786	1,182,832	-20%	667,816	898,978	-26%
Operating profit margin	%	6.71	9.42	-29%	11.28	15.68	-28%
Net profit margin	%	4.35	5.92	-27%	8.24	12.10	-32%
Return on assets (ROA)	%	5.70	7.83	-27%	5.66	8.28	-32%
Return on capital employed (ROCE)	%	11.96	19.07	-37%	13.44	18.18	-41%
Interest cover	Times	6.72	4.12	63%	11.91	9.20	7%
<b>Financial Position Highlights and Ratios</b>							
Shareholders' funds							
(Equity Holders of the Company)	Rs.'000	8,676,303	7,863,982	10%	5,965,758	5,541,046	8%
Gearing (Debt/(Equity+Debt))	%	21	20	5%	15	14	11.0%
Working capital	Rs.'000	3,725,176	3,430,991	9%	2,143,035	1,852,768	16%
Current ratio	Times	2.05	2.06	-1%	2.23	2.16	3%
Dividend payout ratio	%	-	-	25%	26.00	28.00	33%
Quick assets ratio	Times	1.52	1.43	7%	1.60	1.46	10%
Market capitalisation	Rs.'000	5,589,600	5,038,800	11%	5,589,600	5,038,800	11%
Capital expenditure	Rs.'000	1,005,552	726,214	38%	631,940	346,024	83%
<b>Per share (Year End):</b>							
Earnings	RS.	13.42	17.26	-22%	9.82	13.22	-26%
Dividend	RS.	-	-	-31%	2.60	3.75	-31%
Market value	RS.	82.20	74.00	11%	82.20	74.00	11%
Net assets	RS.	126.15	115.65	9%	87.73	81.49	8%

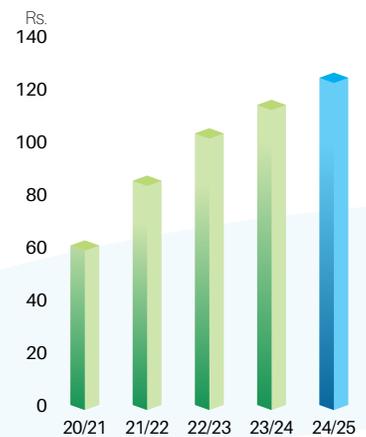
Group Turnover



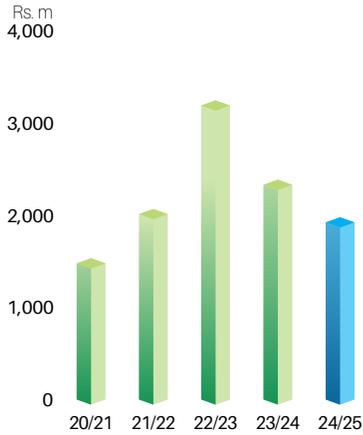
Group Profit After Tax



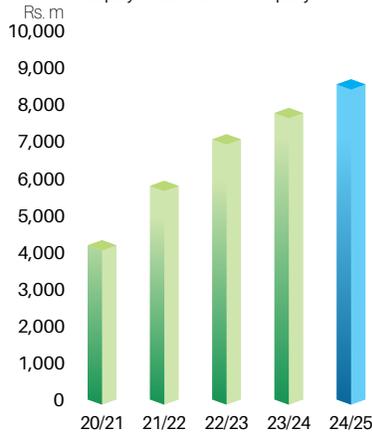
Net Assets per Share



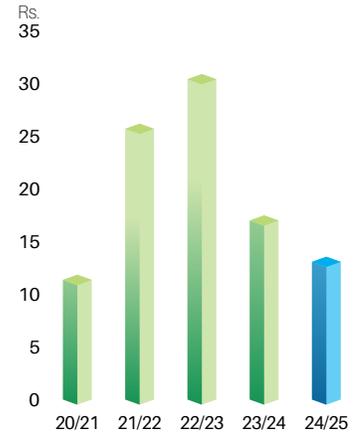
EBITDA



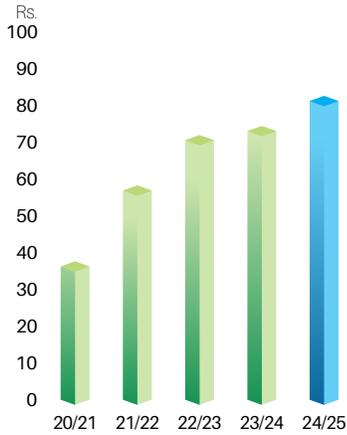
Shareholder Funds  
Equity Holders of the Company



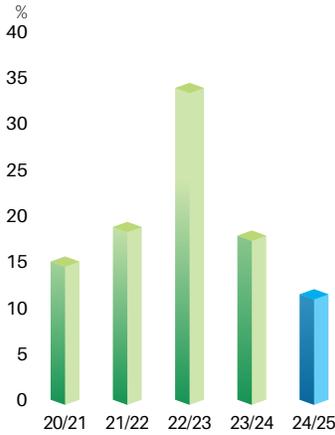
Earnings per Share



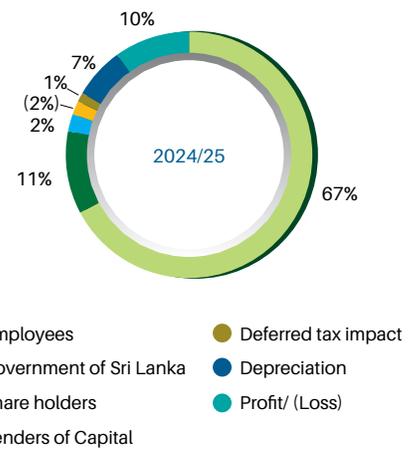
Market Price per Share



ROCE



Distribution of Value Addition



**21.6 Bn**  
Ever Highest  
Revenue

**486 Mn**  
Taxes Paid to  
Government

**980,033**  
USD Revenue

**176.8 Mn**  
Dividend Paid

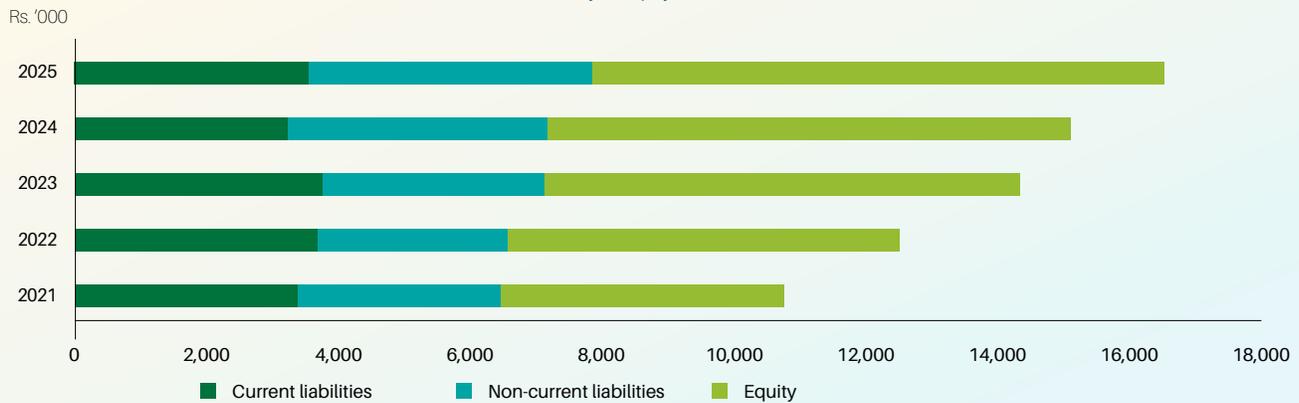


# Horizontal Analysis

## Statement of Financial Position

	31.03.2025	25 Vs 24	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
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
<b>ASSETS</b>											
<b>Non-current assets</b>											
Right-of-use Assets	915,018	18.83	770,009	28.86	597,533	0.41	595,090	(4.76)	624,842	(2.50)	640,895
Freehold property, plant & equipment	3,127,462	11.43	2,806,635	8.48	2,587,345	22.82	2,106,696	4.21	2,021,491	(3.30)	2,090,554
Bearer biological assets	4,232,931	6.04	3,991,849	0.16	3,985,445	2.71	3,880,180	0.56	3,858,625	0.76	3,829,473
Biological assets - consumable	352,858	30.12	271,184	14.13	237,603	11.71	212,691	4.17	204,178	2.60	199,003
Investments in equity accounted investee	147,039	5.13	139,858	-	-	-	-	-	-	-	-
Other non-current financial assets	435,658	2.94	423,225	6.61	396,970	1.55	390,920	-	390,920	-	390,920
Intangible assets	35,346	(2.83)	36,377	(5.94)	38,673	(6.25)	41,251	1.80	40,521	15.25	35,161
Deferred tax assets	1,293	(43.21)	2,278	86.58	1,221	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>9,247,605</b>	<b>9.55</b>	<b>8,441,415</b>	<b>7.61</b>	<b>7,844,790</b>	<b>8.55</b>	<b>7,226,828</b>	<b>1.21</b>	<b>7,140,577</b>	<b>(0.63)</b>	<b>7,186,006</b>
<b>Current assets</b>											
Produce on bearer biological assets	25,220	11.01	22,718	(20.73)	28,660	68.79	16,980	82.86	9,286	65.19	5,621
Inventories	1,862,776	(8.65)	2,039,119	(13.56)	2,359,023	27.15	1,855,248	37.81	1,346,248	27.45	1,056,294
Amounts due from other related companies	102,920	(11.77)	116,653	101.56	57,876	(74.26)	224,877	209.52	72,655	71.65	42,327
Trade and other receivables	2,662,365	10.58	2,407,619	4.48	2,304,369	(0.64)	2,319,105	28.48	1,804,972	129.67	785,902
Income tax recoverable	-	-	-	-	-	(100.00)	138	(67.33)	422	(32.10)	622
Short-term investment	2,324,002	34.34	1,729,947	12.37	1,539,471	210.34	496,060	976.33	46,088	10.45	41,726
Cash and cash equivalents	296,296	(14.81)	347,791	73.27	200,720	(46.03)	371,939	11.98	332,148	31.20	253,162
<b>Total current assets</b>	<b>7,273,579</b>	<b>9.15</b>	<b>6,663,847</b>	<b>2.68</b>	<b>6,490,119</b>	<b>22.82</b>	<b>5,284,347</b>	<b>46.31</b>	<b>3,611,819</b>	<b>65.25</b>	<b>2,185,654</b>
<b>Total assets</b>	<b>16,521,184</b>	<b>9.37</b>	<b>15,105,262</b>	<b>5.37</b>	<b>14,334,909</b>	<b>14.58</b>	<b>12,511,175</b>	<b>16.36</b>	<b>10,752,396</b>	<b>14.73</b>	<b>9,371,660</b>

Balance Sheet Analysis (Equity & Liabilities)



	31.03.2025	25 Vs 24	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
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
<b>EQUITY AND LIABILITIES</b>											
<b>Equity</b>											
Stated capital	340,000	-	340,000	-	340,000	-	340,000	-	340,000	-	340,000
Revenue reserves	8,238,141	9.49	7,523,982	10.40	6,815,218	22.73	5,552,995	42.05	3,909,055	26.21	3,097,193
Total equity attributable to equity holders of the company	8,578,141	9.08	7,863,982	9.91	7,155,218	21.42	5,892,995	38.69	4,249,055	23.62	3,437,193
Non-controlling interest	98,162	42.16	69,048	39.26	49,582	1.01	49,085	19.19	41,182	(1.67)	41,882
<b>Total equity</b>	<b>8,676,303</b>	<b>9.37</b>	<b>7,933,030</b>	<b>10.11</b>	<b>7,204,800</b>	<b>21.25</b>	<b>5,942,080</b>	<b>38.50</b>	<b>4,290,237</b>	<b>23.32</b>	<b>3,479,075</b>
<b>Non-current liabilities</b>											
Interest-bearing borrowings	12,365	(80.25)	62,604	258.65	17,456	(86.10)	125,574	(34.97)	193,108	(28.69)	270,817
Other financial liabilities	-	-	-	-	-	-	-	(100.00)	71,454	(64.35)	200,411
Amounts due to other related companies	-	-	-	-	-	-	-	-	-	(100.00)	13,086
Deferred income	621,090	(5.25)	655,491	0.34	653,266	(2.85)	672,440	0.75	667,443	8.24	616,630
Deferred tax liability	1,181,062	7.09	1,102,838	11.16	992,118	123.39	444,120	(3.90)	462,162	11.27	415,361
Retirement benefit obligations	1,440,058	13.97	1,263,546	17.31	1,077,144	4.14	1,034,290	(3.61)	1,073,035	(6.86)	1,152,014
Lease liability	1,041,904	21.87	854,897	35.30	631,871	5.32	599,964	0.14	599,096	2.06	587,014
<b>Total non-current liabilities</b>	<b>4,296,479</b>	<b>9.06</b>	<b>3,939,376</b>	<b>16.83</b>	<b>3,371,855</b>	<b>17.23</b>	<b>2,876,388</b>	<b>(6.19)</b>	<b>3,066,298</b>	<b>(5.81)</b>	<b>3,255,333</b>
<b>Current liabilities</b>											
Trade and other payables	2,079,220	18.33	1,757,152	(0.91)	1,773,310	27.45	1,391,394	71.00	813,673	41.29	575,877
Lease liability	11,573	40.48	8,239	(58.73)	19,963	18.13	16,899	14.30	14,785	47.51	10,023
Amounts due to other related companies	111,435	(14.50)	130,341	62.52	80,200	(3.09)	82,753	(8.25)	90,199	(30.89)	130,512
Income tax payable	99,130	(62.26)	262,652	26.83	207,087	113.68	96,915	125.40	42,997	4.58	41,114
Interest-bearing borrowings payable within one year	49,458	(7.48)	53,458	(51.44)	110,097	(20.14)	137,861	(13.54)	159,454	(14.38)	186,233
Other financial liabilities	-	-	-	-	-	(100.00)	92,081	(38.61)	150,000	-	150,000
Short-term interest bearing borrowings	1,197,585	17.32	1,020,781	(27.95)	1,416,682	(23.23)	1,845,270	(6.96)	1,983,276	118.29	908,564
Bank overdraft	1	(99.51)	233	(99.85)	150,915	411.00	29,534	(79.12)	141,477	(77.72)	634,929
<b>Total current liabilities</b>	<b>3,458,402</b>	<b>9.76</b>	<b>3,232,856</b>	<b>(13.98)</b>	<b>3,758,254</b>	<b>1.78</b>	<b>3,692,707</b>	<b>8.74</b>	<b>3,395,861</b>	<b>28.77</b>	<b>2,637,252</b>
<b>Total liabilities</b>	<b>7,844,881</b>	<b>9.38</b>	<b>7,172,232</b>	<b>0.59</b>	<b>7,130,109</b>	<b>8.54</b>	<b>6,569,095</b>	<b>1.65</b>	<b>6,462,159</b>	<b>9.67</b>	<b>5,892,585</b>
<b>Total equity and liabilities</b>	<b>16,521,184</b>	<b>9.37</b>	<b>15,105,262</b>	<b>5.37</b>	<b>14,334,909</b>	<b>14.58</b>	<b>12,511,175</b>	<b>16.36</b>	<b>10,752,396</b>	<b>14.73</b>	<b>9,371,660</b>

## Statement of Financial Position

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. '000	%								
<b>ASSETS</b>										
<b>Non-current assets</b>										
Right-of-use Assets	915,018	5.54	770,009	5.10	597,533	4.17	595,090	4.76	624,842	5.81
Freehold property, plant & equipment	3,127,462	18.93	2,806,635	18.58	2,587,345	18.05	2,106,696	16.84	2,021,491	18.80
Bearer biological assets	4,232,931	25.62	3,991,849	26.43	3,985,445	27.80	3,880,180	31.01	3,858,625	35.89
Biological assets - consumable	352,858	2.14	271,184	1.80	237,603	1.66	212,691	1.70	204,178	1.90
Investments in equity										
accounted investee	147,039	0.89	139,858	0.93	-	-	-	-	-	-
Other non-current financial assets	435,658	2.64	423,225	2.80	396,970	2.77	390,920	3.12	390,920	3.64
Intangible assets	35,346	0.21	36,377	0.24	38,673	0.27	41,251	0.33	40,521	0.38
Deferred tax assets	1,293	0.01	2,278	0.02	1,221	0.01	-	-	-	-
<b>Total non-current assets</b>	<b>9,247,605</b>	<b>55.97</b>	<b>8,441,415</b>	<b>55.88</b>	<b>7,844,790</b>	<b>54.73</b>	<b>7,226,828</b>	<b>57.76</b>	<b>7,140,577</b>	<b>66.41</b>
<b>Current assets</b>										
Produce on bearer biological assets	25,220	0.15	22,718	0.15	28,660	0.20	16,980	0.14	9,286	0.09
Inventories	1,862,776	11.28	2,039,119	13.50	2,359,023	16.46	1,855,248	14.83	1,346,248	12.52
Amounts due from other										
related companies	102,920	0.62	116,653	0.77	57,876	0.40	224,877	1.80	72,655	0.68
Trade and other receivables	2,662,365	16.11	2,407,619	15.94	2,304,369	16.08	2,319,105	18.54	1,804,972	16.79
Income tax recoverable	-	-	-	-	-	-	138	0.001	422	0.00
Short-term investment	2,324,002	14.07	1,729,947	11.45	1,539,471	10.74	496,060	3.96	46,088	0.43
Cash and cash equivalents	296,296	1.79	347,791	2.30	200,720	1.40	371,939	2.97	332,148	3.09
Total current assets	7,273,579	44.03	6,663,847	44.12	6,490,119	45.27	5,284,346	42.24	3,611,819	33.59
<b>Total assets</b>	<b>16,521,184</b>	<b>100.00</b>	<b>15,105,262</b>	<b>100.00</b>	<b>14,334,909</b>	<b>100.00</b>	<b>12,511,175</b>	<b>100.00</b>	<b>10,752,396</b>	<b>100.00</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Equity</b>										
Stated capital	340,000	2.06	340,000	2.25	340,000	2.37	340,000	2.72	340,000	3.16
Revenue reserves	8,238,141	49.86	7,523,982	49.81	6,815,218	47.54	5,552,995	44.38	3,909,055	36.36
Total equity attributable to equity										
holders of the company	8,578,141	51.92	7,863,982	52.06	7,155,218	49.91	5,892,995	47.10	4,249,055	39.52
Non-controlling interest	98,162	0.59	69,048	0.46	49,582	0.35	49,085	0.39	41,182	0.38
<b>Total equity</b>	<b>8,676,303</b>	<b>52.52</b>	<b>7,933,030</b>	<b>52.52</b>	<b>7,204,800</b>	<b>50.26</b>	<b>5,942,080</b>	<b>47.49</b>	<b>4,290,237</b>	<b>39.90</b>
<b>Non-current liabilities</b>										
Interest-bearing borrowings	12,365	0.07	62,604	0.41	17,456	0.12	125,574	1.00	193,108	1.80
Other financial liabilities	-	-	-	-	-	-	-	-	71,454	0.66
Deferred income	621,090	3.76	655,491	4.34	653,266	4.56	672,440	5.37	667,443	6.21
Deferred tax liability	1,181,062	7.15	1,102,838	7.30	992,118	6.92	444,120	3.55	462,162	4.30
Retirement benefit obligations	1,440,058	8.72	1,263,546	8.36	1,077,144	7.51	1,034,290	8.27	1,073,035	9.98
Lease liability	1,041,904	6.31	854,897	5.66	631,871	4.41	599,964	4.80	599,096	5.57
<b>Total non-current liabilities</b>	<b>4,296,479</b>	<b>26.01</b>	<b>3,939,376</b>	<b>26.08</b>	<b>3,371,855</b>	<b>23.52</b>	<b>2,876,388</b>	<b>22.99</b>	<b>3,066,298</b>	<b>28.52</b>
<b>Current liabilities</b>										
Trade and other payables	2,079,220	12.59	1,757,152	11.63	1,773,310	12.37	1,391,394	11.12	813,673	7.57
Lease liability	11,573	0.07	8,239	0.05	19,963	0.14	16,899	0.14	14,785	0.14
Amounts due to other										
related companies	111,435	0.67	130,341	0.86	80,200	0.56	82,753	0.66	90,199	0.84
Income tax payable	99,130	0.60	262,652	1.74	207,087	1.44	96,915	0.77	42,997	0.40
Interest-bearing borrowings										
payable within one year	49,458	0.30	53,458	0.35	110,097	0.77	137,861	1.10	159,454	1.48
Other financial liabilities	-	-	-	-	-	-	92,081	0.74	150,000	1.40
Short-term interest bearing										
borrowings	1,197,585	7.25	1,020,781	6.76	1,416,682	9.88	1,845,270	14.75	1,983,276	18.44
Bank overdraft	1	0.00	233	0.00	150,915	1.05	29,534	0.24	141,477	1.32
<b>Total current liabilities</b>	<b>3,548,402</b>	<b>21.48</b>	<b>3,232,856</b>	<b>21.40</b>	<b>3,758,254</b>	<b>26.22</b>	<b>3,692,707</b>	<b>29.52</b>	<b>3,395,861</b>	<b>31.58</b>
<b>Total liabilities</b>	<b>7,844,881</b>	<b>47.48</b>	<b>7,172,232</b>	<b>47.48</b>	<b>7,130,109</b>	<b>49.74</b>	<b>6,569,095</b>	<b>52.51</b>	<b>6,462,159</b>	<b>60.10</b>
<b>Total equity and liabilities</b>	<b>16,521,184</b>	<b>100.00</b>	<b>15,105,262</b>	<b>100.00</b>	<b>14,334,909</b>	<b>100.00</b>	<b>12,511,175</b>	<b>100.00</b>	<b>10,752,396</b>	<b>100.00</b>

# Horizontal and Vertical Analysis

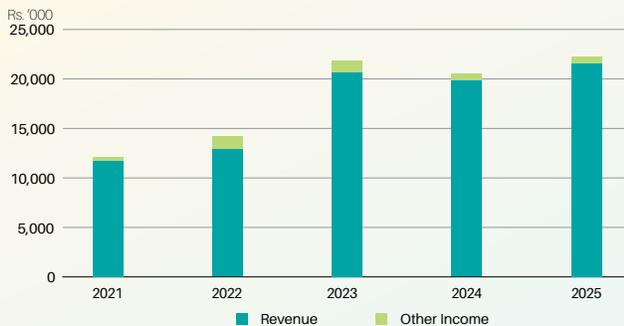
## Statement of Profit or Loss

Horizontal Analysis	2024/25	25 Vs 24	2023/24	24 Vs 23	2022/23	23 Vs 22	2021/22	22 Vs 21	2020/21	21 Vs 20	2019/20
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000
Revenue	21,640,793	8.38	19,968,249	(3.55)	20,704,226	60.18	12,925,850	9.91	11,760,469	32.00	8,909,174
Cost of sales	(18,962,447)	12.04	(16,925,211)	(0.71)	(17,045,866)	59.89	(10,661,213)	6.57	(10,003,835)	24.05	(8,064,217)
<b>Gross profit</b>	<b>2,678,346</b>	<b>(11.98)</b>	<b>3,043,038</b>	<b>(16.82)</b>	<b>3,658,360</b>	<b>61.54</b>	<b>2,264,637</b>	<b>28.92</b>	<b>1,756,634</b>	<b>107.90</b>	<b>844,957</b>
Gain on change in fair value of biological assets	75,479	2,116.88	3,405	(90.70)	36,592	125.78	16,207	83.35	8,840	(22.18)	11,359
Other income	232,926	10.87	210,098	(1.39)	213,062	(35.75)	331,637	136.40	140,284	46.13	95,998
Administrative expenses	(1,430,067)	17.58	(1,216,213)	22.96	(989,099)	12.68	(877,826)	23.88	(708,587)	4.47	(678,266)
Distribution expenses	(105,024)	(34.07)	(159,294)	70.92	(93,200)	57.59	(59,139)	139.08	(24,737)	(49.65)	(49,130)
<b>Results from operating activities</b>	<b>1,451,660</b>	<b>(22.83)</b>	<b>1,881,034</b>	<b>(33.43)</b>	<b>2,825,715</b>	<b>68.65</b>	<b>1,675,516</b>	<b>42.91</b>	<b>1,172,434</b>	<b>421.27</b>	<b>224,918</b>
Finance income	357,985	(23.14)	465,762	(50.74)	945,493	(1.60)	960,908	443.78	176,711	404.82	35,005
Finance expenses	(287,148)	(25.15)	(383,641)	(40.12)	(640,686)	8.93	(588,140)	83.47	(320,568)	57.61	(203,396)
Interest paid to Government on lease	(148,908)	22.21	(121,851)	35.61	(89,852)	8.11	(83,113)	2.54	(81,056)	2.22	(79,299)
<b>Net finance income/(cost)</b>	<b>(78,071)</b>	<b>96.50</b>	<b>(39,730)</b>	<b>(118.48)</b>	<b>214,955</b>	<b>(25.79)</b>	<b>289,655</b>	<b>(228.79)</b>	<b>(224,913)</b>	<b>(9.20)</b>	<b>(247,690)</b>
Share of profit from equity accounted investee	7,181	100.00	8,137	100.00	-	-	-	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>1,380,770</b>	<b>(25.34)</b>	<b>1,849,441</b>	<b>(39.18)</b>	<b>3,040,670</b>	<b>54.73</b>	<b>1,965,171</b>	<b>107.40</b>	<b>947,521</b>	<b>(4,260.98)</b>	<b>(22,772)</b>
Tax expense	(438,984)	(34.15)	(666,609)	(30.04)	(952,826)	407.61	(187,707)	29.15	(145,336)	126.21	(64,247)
<b>Profit/(loss) for the year</b>	<b>941,786</b>	<b>(20.38)</b>	<b>1,182,832</b>	<b>(43.35)</b>	<b>2,087,844</b>	<b>17.46</b>	<b>1,777,464</b>	<b>121.58</b>	<b>802,185</b>	<b>(1,021.85)</b>	<b>(87,019)</b>

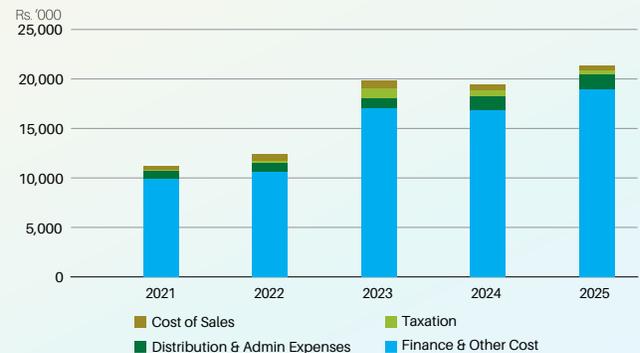
## Vertical Analysis

	2024/25		2023/24		2022/23		2021/22		2020/21	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Revenue	21,640,793	100.00	19,968,249	100.00	20,704,226	100.00	12,925,850	100.00	11,760,469	100.00
Cost of sales	(18,962,447)	(87.62)	(16,925,211)	(84.76)	(17,045,866)	(82.33)	(10,661,213)	(82.48)	(10,003,835)	(85.06)
<b>Gross profit</b>	<b>2,678,346</b>	<b>12.38</b>	<b>3,043,038</b>	<b>15.24</b>	<b>3,658,360</b>	<b>17.67</b>	<b>2,264,637</b>	<b>17.52</b>	<b>1,756,634</b>	<b>14.94</b>
Gain on change in fair value of biological assets	75,479	0.35	3,405	0.02	36,592	0.18	16,207	0.13	8,840	0.08
Other income	232,926	1.08	210,098	1.05	213,062	1.03	331,637	2.57	140,284	1.19
Administrative expenses	(1,430,067)	(6.61)	(1,216,213)	(6.09)	(989,099)	(4.78)	(877,826)	(6.79)	(708,587)	(6.03)
Distribution expenses	(105,024)	(0.49)	(159,294)	(0.80)	(93,200)	(0.45)	(59,139)	(0.46)	(24,737)	(0.21)
<b>Results from operating activities</b>	<b>1,451,660</b>	<b>6.71</b>	<b>1,881,034</b>	<b>9.42</b>	<b>2,825,715</b>	<b>13.65</b>	<b>1,675,516</b>	<b>12.96</b>	<b>1,172,434</b>	<b>9.97</b>
Finance income	357,985	1.65	465,762	2.33	945,493	4.57	960,908	7.43	176,711	1.50
Finance expenses	(287,148)	(1.33)	(383,641)	(1.92)	(640,686)	(3.09)	(588,140)	(4.55)	(320,568)	(2.73)
Interest paid to Government on lease	(148,908)	(0.69)	(121,851)	(0.61)	(89,852)	(0.43)	(83,113)	(0.64)	(81,056)	(0.69)
<b>Net finance income/(cost)</b>	<b>(78,071)</b>	<b>(0.36)</b>	<b>(39,730)</b>	<b>(0.20)</b>	<b>214,955</b>	<b>1.04</b>	<b>289,655</b>	<b>2.24</b>	<b>(224,913)</b>	<b>(1.91)</b>
Share of profit from equity accounted investee	7,181	0.03	8,137	0.04	-	-	-	-	-	-
<b>Profit/(loss) before tax</b>	<b>1,380,770</b>	<b>6.38</b>	<b>1,849,441</b>	<b>9.26</b>	<b>3,040,670</b>	<b>14.69</b>	<b>1,965,171</b>	<b>15.20</b>	<b>947,521</b>	<b>8.06</b>
Tax expense	(438,984)	(2.03)	(666,609)	(3.34)	(952,826)	(4.60)	(187,707)	(1.45)	(145,336)	(1.24)
<b>Profit/(loss) for the year</b>	<b>941,786</b>	<b>4.35</b>	<b>1,182,832</b>	<b>5.92</b>	<b>2,087,844</b>	<b>10.08</b>	<b>1,777,464</b>	<b>13.75</b>	<b>802,185</b>	<b>6.82</b>

Profit or Loss Analysis (Income)



Profit or Loss Analysis (Expenses)



# Non-Financial Highlights

## Economic Performance



### Employees

(24/25) **4,666** m

(23/24) 3,882 m

### Government of Sri Lanka

(24/25) **380** m

(23/24) 393 m

### Shareholders

(24/25) **177** m

(23/24) 255 m

### Lenders of capital

(24/25) **(194)** m

(23/24) (268) m

## Natural Capital



### GHG Emission

(24/25) **9,061** (tCO<sub>2</sub>e)

(23/24) 9,988 (tCO<sub>2</sub>e)

### Hydropower generation

(24/25) **12,587,837** (kWh)

(23/24) 7,316,978 (kWh)

### Solar power

(24/25) **122,173** (kWh)

(23/24) 146,605 (kWh)

### Water treatment

(24/25) **46,303** (L)

(23/24) 42,967 (L)

### Electrical intensity- Tea

(24/25) **0.94** (kWh/kg)

(23/24) 0.89 (kWh/kg)

### Electrical intensity- Rubber

(24/25) **0.36** (kWh/kg)

(23/24) 0.41 (kWh/kg)

### Conservation Area

(24/25) **2,048** (Ha)

(23/24) 2,048 (Ha)

### Tree Planting

(24/25) **7,165** (Commercial)

(23/24) 5,257 (Commercial)

### Tree Planting

(24/25) **53,417** (Native)

(23/24) 30,908 (Native)

## Social & Relationship Capital



### New houses build

(24/25) **251** (# units)

(23/24) 56 (# units)

### Water schemes

(24/25) **35** (# units)

(23/24) 58 (# units)

### Field rest room

(24/25) **38** (# units)

(23/24) 29 (# units)

### Access Roads

(24/25) **271** (km)

(23/24) 22 (km)

### Eye care operations

(24/25) **13** (Cataract)

(23/24) 7 (Cataract)

### Gender based awareness programs

(24/25) **54** (programs)

(23/24) 73 (programs)

### Training for Small business Management

(24/25) **34**

(23/24) 300

### Vocational Training -Self Employment

(24/25) **34**

(23/24) 40

### Annual Trip

(24/25) **26**

(23/24) 17

## Intellectual Capital



### Rubber Export Revenue

(24/25) **980,033** (US\$)

(23/24) 866,260 (US\$)

### New products Launch

(24/25) **35**

(23/24) 15

### No of containers exported

(24/25) **16**

(23/24) 15

## Human Capital



### Total new employee hires

(24/25) **1,690**

(23/24) 2,052

### Training head count

(24/25) **66,016**

(23/24) 41,594

### Training hours

(24/25) **91,038**

(23/24) 79,255

### Training investment

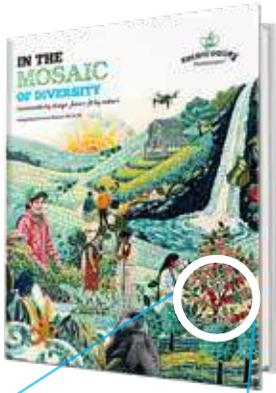
(24/25) **9,013**

(23/24) 7,092

# Rooted in Resilience



By expanding our sustainable crop portfolio, we strengthen agricultural resilience while aligning with global food, climate, and biodiversity priorities. Diversity in cultivation empowers us to adapt, thrive, and lead the transition to "Future-Fit" farming.





“KVPL continued to harvest the dividends of its investments – of time, effort, strategic vision, sustainable mindset, community centric model and foresight, and we continue to be inspired and encouraged by the accolades whether it be from external sources or from our people.”

Dear Stakeholder,

The year under review saw the KVPL Group achieving its highest-ever Revenue, driven by strategic foresight in crop diversification, sustainable agricultural practices and strong performance of the Group's marketing arm Mabroc Teas (Private) Limited. In this context, it gives me great pleasure to present to you the Integrated Annual Report and Audited Financial Statements of Kelani Valley Plantations PLC for the financial year ended 31 March 2025.

### Operating Context

Sri Lanka's economy continued on its path of steady recovery, recording a GDP growth of 5% in 2024, following two successive years of contraction in 2023 and 2022 respectively. The post-crisis reforms have begun to come to fruition with signs of improved economic activity, partial recovery in purchasing power and reduced uncertainty.

The agriculture sector grew by 1.2% at a slightly slower pace than in 2023, due to the prolonged contraction in Coconut cultivation and extreme weather conditions particularly in the fourth quarter of the year.

Sri Lanka's Tea production increased by 1.7% year on year whilst Average prices at the Colombo Auctions reached the highest ever in US Dollar terms while the National Sales Average in Rupee terms increased by 4.6% to Rs. 1,225.17 from Rs. 1,171.29. Sri Lanka's export earnings from Tea grew by 1.2% over the previous year due to higher volumes.

Sri Lanka's overall Rubber production increased by 2.2% as the severity of the Pestalotiopsis Disease which has been impacting the Rubber crop for the past three years. Export earnings from Rubber based exports increased by 7.66% compared to 2023 supported by increased exports of Industrial and Surgical Gloves of Rubber, by over 23% and Pneumatic & Retreated Rubber Tyres and Tubes by slightly over 1%.

### Performance Overview

The Group recorded an 8% increase in Revenue to Rs. 21,641 m, with Tea and Rubber prices increasing by a respective 9% and 23%. Rubber output also grew by 11%, contributing to an 8% increase in Revenue, despite a 5% decline in our Tea crop yields. Net Profit reached to Rs. 1,381 m, reflecting the long-term benefits of our

deep-rooted commitment to sustainable agricultural practices. The 35% wage increment mandated on 10 September 2024, impacted costs of production of both Tea and Rubber although improved prices helped absorb the impact.

KVPL's marketing arm Mabroc Teas (Private) Limited, maintained its position as the largest contributor to the Tea sector, accounting for 73% of Group Revenue. A leading exporter of value-added and Bulk Tea, Mabroc delivered strong operational results despite a challenging year, achieving volume growth through exports in Kenya and new customer acquisitions particularly in Poland. The Company retained its position as Sri Lanka's largest Tea Exporter to China, a market with significant growth potential.

### Dividend

KVPL continued to deliver on its shareholder commitments, declaring an interim dividend of Rs. 2.60 per share.

### Accolades, Highlights & Recognition

KVPL continued to "harvest" the "dividends" of its "investments", of time, effort, strategic vision, sustainable mindset, community centric model and foresight,

and we continue to be inspired and encouraged by the accolades whether it be from external sources or from our people.

This year marked a significant milestone for KVPL, with a Triple Crown of Global Firsts. These global firsts include becoming the world's first Tea plantation to receive the regenagri certification, establishing the first on-site biodiversity research and sustainable knowledge management hub and the development of the world's first intellectual tourism model, set for launch in the coming year. These achievements highlight the integrated value of our Intellectual, Natural, Human, and Social Capital, and how each continues to reinforce the other in our journey forward.

In another industry first, KVPL became the first plantation company in Sri Lanka to obtain the ISO/IEC 27001:2022 certification the leading international standard for Information Security Management System. In a world where data security and transparency are increasingly critical concerns, this certification is a significant step forward.

We are also encouraged by the recognition of our efforts in Human Capital development. KVPL was honoured with the Gold Award in the Plantations category at the Sri Lanka Institute of Training and Development (SLITAD) People Development Awards 2023/24. These awards celebrate organisations that champion progressive HR practices contributing to both individual and national development. KVPL's recognition across all three evaluation clusters, Strategic, Operational, and Sustainability, reflects our holistic approach to talent development and organisational excellence.

The Hayleys Plantations Management Symposium brings together all three plantation companies of the Hayleys Group, providing a competitive platform for their estates to present case studies on innovative projects aimed at promoting sustainability and industry developments.

Once again KVPL was considered a "Great Place to Work" by its employees at the annual survey conducted by Great Place to Work. We remain the only Regional

Plantation Company (RPC) to receive this honour for four consecutive years and notably this year's surpassing the previous results.

Our long-standing commitment to water stewardship was further acknowledged during the year. Having been the 1st RPC in Sri Lanka to pledge for UN CEO Water Mandate in 2007, KVPL was appointed to Chair the Water and Ocean Stewardship Working Group of the United Nations Global Compact (UNGC) Sri Lanka. In addition, we were named the Patron of Water and Ocean Stewardship in Sri Lanka by UNGC Sri Lanka.

KVPL remains actively engaged in several key sustainability platforms, the Company has committed to UNGC's ten principles of responsible business while aligning with the UN Sustainable Development Goals (SDGs), and playing an active role in Biodiversity Sri Lanka.

KVPL also won the Gold Award for the Plantation Sector (Turnover above 5 B) at the TAGS Annual Report Awards 2024 conducted by the CA Sri Lanka, winning it for the fourth consecutive year reflecting our commitment to transparency, accountability and stakeholder engagement. Additionally, we were named second runner-up at the Annual Report Awards conducted by the South Asian Federation of Accountants (SAFA), further validating our regional standing in financial and sustainability reporting.

### Grounded in Sustainability, Built for the Future

Our deep passion and commitment to sustainability has shaped our journey, defining the enterprise we are today. While many organizations are now engaging in initiatives such as energy efficiency, renewable energy generation, and pollution control, KVPL has moved beyond these foundational measures. We continue to refine and elevate our approach by embedding science-based targets, adopting nature-based solutions, and integrating regenerative practices that simultaneously enhance environmental resilience and ensure business continuity. This proactive evolution reaffirms our commitment to leading with purpose, innovation, and sustainability.

Since becoming the first Rainforest Alliance-certified plantation company, KVPL has consistently pioneered initiatives that reflect long term thinking and responsiveness to evolving stakeholder expectations. Today, KVPL has steadily evolved from a traditional plantation model to a regenerative, knowledge-based enterprise, where Intellectual Capital now plays an increasingly vital role in value creation.

Our flagship initiative, "A Home for Every Plantation Worker" launched in 2006, continues to uplift the lives of estate communities. More than just providing housing, it elevates quality of life, covering health and hygiene, education, childcare, and wellbeing while expanding opportunities for youth and children across our estates.

Another key milestone this year was the progress of our Agroforestry pilot project at Halgolla, launched under the Netherlands Government's "Agroforestry on Tea and Coconut Plantations" initiative. Its early success earned recognition as a sector best practice case study and has begun contributing to profitability through value-added products.

We also continued to break new ground through the establishment of the Halgolla Biodiversity Research and Knowledge Hub and the Intellectual Tourism Model, both of which are based on sustainable, self-sustaining frameworks. These initiatives are characteristic of our commitment to the Triple Bottom Line of sustainability, combining conservation, research, cultural heritage, and tourism.

### Overcoming Challenges

As we have consistently highlighted, Sri Lanka's plantation sector continues to face a series of critical challenges that threaten its medium to long term commercial sustainability and capacity for value creation. These include high production costs, the persistent out-migration of labour with the plantation workforce declining by 10-15% annually, low soil productivity and land degradation.

In response, KVPL has proactively pursued strategic solutions grounded in a forward-looking, ESG driven mindset.

The Halgolla Agroforestry Project exemplifies the untapped potential of plantation lands. Designed as a prototype for the future of Sri Lankan plantations, the project aims to rejuvenate soil productivity, enable the productive use of unused land and uplift rural communities through export crops and alternative income streams and thus be a solution for the out migration of labour. During the year, we began harvesting alternative crops and marketing premium Coffee and Tea in select markets as important steps towards bridging the rising cost of production.

Furthermore, Mabroc Teas significantly expanded its market reach by building on its previous year's investments, in a leading FMCG distributor in Poland and establishing a Tea Export Company in Mombasa, Kenya. These strategic moves enhance the Company's competitiveness through greater market diversification and improved supply chain resilience.

To adapt to shifting consumer preferences and diversify revenue streams, KVPL also entered the local specialty Tea segment with a series of innovative product lines, while expanding our brand presence in the Sri Lankan market and expanding the export of value-added Teas to overseas markets. In the Rubber sector too, our strategy remains focused on moving up the value chain developing high-end branded products, and accessing new markets.

Technology adoption across the value chain remains a strategic priority in addressing labour shortages, improving operational efficiency and reducing our environmental footprint. During the year, drones were deployed across all estates for the application of liquid fertilizer, with each estate allocated its own unit. These efforts not only address labour constraints but also advance our sustainability goals.

In parallel, KVPL continues to enhance its Social and Human Capital strategies to make agriculture and estate work more appealing to younger generations. The Revenue Share Model, actively promoted across estates, is a cornerstone of this approach. It empowers workers, aligns incentives, and supports productivity gains, a win-win for all stakeholders.

### Governance

At KVPL, governance is the foundation that underpins our pursuit of long-term sustainable value for all stakeholders.

We are committed to incorporating sustainability into the core of our governance model, ensuring that environmental, social, and ethical considerations are embedded in how we operate, measure success, and manage risk.

As part of the Hayleys Group, both Hayleys and KVPL Boards set a strong example from the top upholding professional standards and corporate values that influence leadership that resonates throughout the organization.

Our governance framework is built on five foundational pillars: Stakeholder Engagement, Transparency and Accuracy in Reporting, Enterprise Risk Management, Structure and Oversight and Ethics and Culture. These pillars ensure that we remain accountable, responsive, and resilient in a rapidly changing environment.

The composition of our Board exemplifies our commitment to transparency and independent oversight of the ten Board members, three serve as Independent Non-Executive Directors, bringing diverse perspectives and objectivity that enhance the quality of strategic deliberations. Their independent insight plays a critical role in upholding the integrity of our governance processes and reinforcing stakeholder trust.

### Outlook

We are optimistic that the economy will continue on its growth trajectory, supported by a stable political climate and continuation of the prudent monetary and fiscal policies.

The global Tea industry is expected to see modest growth in production with significant opportunities due to rising demand in key markets like India and China. However, economic challenges, geopolitical conflicts and weather uncertainties are likely challenges which could impact overall market dynamics. The focus on quality and sustainability will be crucial for maintaining competitiveness in the global market and KVPL looks with added vigour

to harness the demand for higher quality Teas and to make further inroads into niche markets for value added Teas.

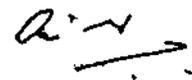
We are also encouraged by the growth projections for Sri Lanka's Rubber exports which is expected to more than double by 2030, driven by rising global demand for value added Rubber products.

The recent announcement of tariffs by the U.S. has caused significant disruptions across global markets. While it is a temporary relief that the implementation has been deferred, uncertainty remains. Should these tariffs come into effect and apply to Sri Lankan exports, we anticipate the demand for Rubber to be affected as it serves as a key raw material in the production of items such as Gloves and Mattresses, some of which are destined for the U.S. market. Nevertheless, we remain hopeful that ongoing government-to-government negotiations will yield favorable trade terms for Sri Lanka.

### Appreciation

I would like to sincerely thank my fellow Board members for their valuable insights and steadfast support, which have been instrumental in steering the Company toward exceptional achievements on all fronts. My deepest gratitude also goes to KVPL's dedicated team, whose tireless efforts, under the outstanding leadership of its Group Managing Director, continue to drive the Company to new heights.

I extend our heartfelt thanks to our customers and all stakeholders whose enduring trust and collaboration form the foundation of our success. Their belief in our potential inspires us to continuously innovate, raise the standards for ourselves and the industry and embrace the "Future" with renewed energy and purpose.



**Mohan Pandithage**  
Chairman

05 May 2025



“As we look ahead with renewed vigour, KVPL is well-positioned to realise the long-term benefits of its strategies. With a "Future Fit, Future Ready" mindset and strategies cultivated over several decades and a holistic approach to our business, we integrate each initiative, stakeholder, and sustainability effort into a larger mosaic of interdependent elements, all working together to create long-term value, resilience, and inclusive growth.”

Dear Stakeholder,

The KVPL Group delivered a commendable performance, recording an 8% increase in Revenue to Rs. 21,641 m, among the highest in the Group's operating history. This growth was primarily driven by favorable Tea prices, which offset a slight decline in harvest volumes along with a robust performance from the Rubber sector, supported by both higher production and improved market prices. Rubber production improved on the back of the decline in the severity of the PESTA disease which has resulted in significant production losses over the past few years. The use of rain guards also helped improve the number of tappable days and output, contributing to a 11% growth in yield whilst average prices fetched by KVPL also increased by 23% in 2024. The improvement in pricing enabled the Group to offset the near 18% increase in cost of production of Tea against the backdrop of an upward revision of labour costs and additional gratuity provision, due to the 35% wage increase mandated in the second quarter of 2024.

The Tea segment continued to be the Group's main Revenue driver, accounting for 89% of total Revenue, while the Rubber

segment contributed the remaining 11%. Mabroc Teas (Private) Limited, our wholly-owned marketing subsidiary, remained the primary contributor to Tea Revenue, accounting for 73% of the segment's performance.

KVPL maintained its position as the second highest price taker among Regional Plantation Companies, achieving the second highest Gross Sales Average (GSA) for Tea at the Colombo Tea Auction for the seventh consecutive year, reflecting our commitment to producing a quality Tea and a refusal to compromise despite the rising costs of production.

### Subsidiary Performance

Our marketing subsidiary Mabroc Teas, recorded its highest ever volumes, surpassing last year's performance and recording an 8% growth in Revenue to Rs. 13.6 B, supported by growth in exports and for the local market. However, Profits Before Tax (PBT) and Profits After Tax (PAT) both declined by 23% and 20% respectively, primarily due to elevated Tea prices, appreciation of LKR against USD and increase in overheads.

Mabroc continued its upward trajectory in the global Tea market, rising to become Sri Lanka's second largest bulk Tea exporter, up from third position the previous year. The Company also maintained its strong overall standing as the sixth largest Tea exporter from Sri Lanka. Notably, Mabroc retained its leadership as the country's top Tea exporter to both China and Taiwan a testament to its strategic focus and brand strength in these high-potential markets. This leadership position reinforces Mabroc's ability to capitalize on the rapidly expanding demand for quality Tea in China. Additionally, the company sustained its position as the second largest Sri Lankan Tea exporter to Japan, further solidifying its presence across key Asian Markets.

The Company continued to gain momentum in executing its strategy of geographical diversification and market expansion, driving deeper penetration in both emerging and established markets. Leveraging a strategic partnership aimed at unlocking opportunities in Poland and broader European Markets, Mabroc quickly ascended to become the third largest distributor to supermarket shelves in Poland, and the second largest brand in the country's value-added Tea segment, a

remarkable achievement reflecting strong brand resonance and market adaptability. Building on its global footprint, the Company also expanded its presence in Africa. Following its entry into trading operations in Kenya last year, Mabroc marked a significant milestone by opening a dedicated office in Mombasa, a major hub for Tea trade in East Africa. Since dispatching its first Tea consignment in January 2024, the Company has steadily broadened its reach, marketing Bulk Teas further reinforcing its position as a dynamic and globally integrated Tea exporter.

Mabroc continues to leverage its R&D capabilities in driving innovation into value added products, a strategic priority for the near to medium term. A key focus of our R&D for Tea this year has been the development and implementation of low residue, chemical free field practices to meet stringent Japanese and European MRL (Maximum Residue Levels) standards ensuring both compliance and consumer trust. Importantly, Mabroc invested in upgrading its laboratory, acquiring state-of-the-art equipment to strengthen its testing capabilities, especially for MRL in Tea. This upgrade ensures compliance with the stringent export standards of key markets such as China, Japan, and Taiwan.

### Sri Lanka's Tea Sector

Sri Lanka's Tea production increased by 1.7% over the previous year with High Grown Tea production decreasing by 5%, Mid and Low Grows increasing by 13% and 2% respectively.

Average prices at the Colombo auctions rose to 4.06 USD per kg marking the highest ever average auction prices in US Dollar terms recorded. The National Sales Average (NSA) for the year increased by Rs. 53.88 to Rs 1,225.17. Colombo continued to maintain its position as the world's highest priced auction center underscoring the demand for superior quality and distinctive attributes of Ceylon Tea.

### Sri Lanka's Rubber Sector

Sri Lanka's Rubber production grew by 2.2% in 2024 compared to the previous year, reaching 69.2m kg. This was primarily driven by the reduced severity of the Pestalotiopsis (PESTA) disease, which in previous years had suppressed yields.

Concurrently, Rubber prices also rose, contributing to a 7.66% increase in export earnings from Rubber and Rubber Based Products, which reached US \$ 1,001.54 m in 2024. This growth in export Revenue was primarily fueled by increased global demand for industrial and surgical Rubber gloves of which exports increased by over 23% and pneumatic and retreaded Rubber Tyres and Tubes which increased by slightly over 1%.

The prices of Crepe No. 1X and RSS Rubber reached Rs. 919.44 and Rs. 714.45 respectively, recording the highest ever. This represents increases of 26% and 28% respectively, compared to the previous year.

### Future Fit Strategies

Over the past few years, we have continued to advance in long term strategy to evolve into a more resilient, diversified, and future ready organisation. This journey is defined by deliberate action leveraging technology, embracing crop diversification, investing in renewable energy, and implementing progressive business models that uplift both people and performance.

Addressing labour shortages and improving field productivity remain key operational imperatives. In this regard, the adoption of Drone Technology during the year, marks a pivotal shift in how we manage our plantations. KVPL has moved beyond basic aerial surveillance to integrate drone-captured data with mobile applications, allowing for real-time monitoring, data-driven insights, and faster decision making. Over time, this integration will support predictive analytics and enable more proactive interventions, strengthening our ability to manage resources more efficiently and sustainably.

We also made progress in our future direction towards consolidating efforts around our core crops, Tea and Rubber, while selectively diversifying into high potential export oriented agricultural crops such as Cinnamon, Coffee, Pepper, and Coconut. As of now, KVPL has planted 205 hectares of Coffee and we hope to expand the cultivation to over 1,000 hectares by 2030.

The continued rollout of the Revenue Share Model (RSM) reflects our commitment to aligning worker incentives with organisational goals. By directly linking earnings to output, the RSM fosters greater ownership, improves livelihoods, and drives productivity across our estates.

Furthermore, our sustainability journey gained further momentum this year with the successful commissioning of Solar Power systems at the Ingestre and Panawatte factories. These installations not only reduce our environmental footprint but also contribute to long term energy security, reinforcing our commitment to responsible and efficient operations.

R&D and innovation will be a key to stay ahead as well as ascend the value chains in both Tea and Rubber. Notably, this year, KVPL recorded the highest number of new product introductions to date. These included a range of products aimed at strengthening our footprint in the domestic Tea market. Internationally, our specialty Teas, marketed at premium prices, have gained traction among consumers who value quality and sustainability. In the Rubber sector, our R&D team has made progress in developing food grade Rubber a high potential niche that aligns with our innovation agenda and market expansion goals.

### Future-Fit by Design: Empowering People, Protecting the Planet, Sustaining Profit

The trailblazing initiatives KVPL has pioneered over the years have proven to be exactly that, innovative steps that have paved new pathways, allowing us to be aligned with evolving stakeholder expectations, as well as global and local, both ecological and market, environmental changes. What we envisioned years ago has positioned us to meet the demands of today's stakeholders shaping our preparedness for the future.

The year under review saw KVPL's multi-pronged efforts over the past decades, culminate in a groundbreaking milestone as the Group's Halgolla estate received the "regenagri certification" making it the world's first Tea plantation to receive this prestigious international recognition. This endorsement of our agricultural practices,

which go beyond sustainability to actively regenerate ecosystems, follows a rigorous process of on-site audits and a rigorous, critical evaluation of our regenerative agri practices across the estate.

Another pioneering initiative at Halgolla Estate is the development of the world's first Biodiversity Conservation and Knowledge Sustainability Center within a Tea estate, in partnership with the International Union for Conservation of Nature (IUCN) Sri Lanka. This initiative promotes Eco System preservation and sustainable farming whilst establishing a biodiversity refugium for threatened species outside protected areas, a pilot for applying "Other Effective Area-based Conservation Measures" (OCM's) in Sri Lanka.

In addition, KVPL has laid the groundwork for a third pioneering initiative, the transformation of its Biodiversity hotspot and conservation center into a premier destination for intellectual tourism. This unique project is designed to attract biological and ecological researchers, along with nature enthusiasts drawn by the estate's exceptional Biodiversity, high levels of endemism, and the presence of numerous threatened species of flora and fauna. Positioned as a hub for research tourism, the venture will not only promote scientific inquiry and conservation but is also structured to be financially self-sustaining, generating revenue through international participation.

In 2022, KVPL commenced the transformation of the Halgolla Estate into a model for sustainable Agroforestry, following an initiative by the Netherlands Enterprise Agency (RVO). Selected as the pilot site for the Netherlands-Sri Lanka Agroforestry Project, this public-private partnership with IUCN, the University of Peradeniya, Wageningen University, and RVO is delivering tangible results.

Marking a major milestone in its decarbonisation journey, KVPL obtained formal validation from the Science Based Targets initiative (SBTi) for its Greenhouse Gas (GHG) emission reduction targets. Under the SBTi framework, we have pledged to reduce Scope 1 and Scope 2 emissions by 58% by 2033, with an

overarching goal of reaching net-zero by 2049. We are now more resolute than ever in advancing energy-efficient technologies, sustainable forest management, the adoption of renewable energy, and environmentally conscious supply chain practices all of which are critical pillars in our transition toward a net-zero future.

Moreover, this year our Rubber estates secured certification under the European Union Deforestation Regulation (EUDR), which will become mandatory for Rubber exports to the EU from 30 December 2025. This achievement positions KVPL ahead of regulatory requirements and reinforces our commitment to sustainable and responsible sourcing. Concurrently, we continue to strengthen our presence in European markets by expanding our portfolio of value-added Rubber products. A key highlight during the year was the notable progress made toward securing the world's first "Food-Grade Natural Rubber" certification an innovation that opens new opportunities in high-value specialized applications and underscores KVPL's leadership in sustainable product development.

This year, we made significant strides in technology adoption by deploying drones across all Tea estates for the application of foliar nutrients and fertilizers. The adoption of Drone Technology can enhance agricultural efficiency, offering a practical solution to labour shortages. KVPL also deployed drones for advanced monitoring of Tea bush health, enabling precise detection of plant stress, nutrient deficiencies, soil conditions, water requirements, and early signs of pest infections, allowing timely, targeted interventions to support improved agricultural practices and conditions.

During the year we also deepened our commitment to conservation under the Kelani Valley Protectors Initiative (KVPI). KVPL entered into a new Memorandum of Understanding (MOU) with the International Union for the Conservation of Nature (IUCN) to expand our engagement.

A core aspect of our ESG strategy has been forging collaborative initiatives with academic institutions, both local and international, as well as relevant

governmental and non-governmental organizations. These partnerships allow us to leverage specialized expertise and generate meaningful synergies. In addition, we continued to offer research opportunities to undergraduate students from local universities.

## People

At KVPL, our readiness for the future is not merely defined by systems or strategies, but by the agility of our business model and, more importantly, the dexterity of our people. We are truly honoured to be recognized by our employees as a "Great Place to Work" for the fourth consecutive year, an achievement made even more meaningful as we surpassed our previous scores.

As a leading plantation company, we are acutely aware of the unique responsibility we carry not only towards our 7,613 employees but also to their families and the broader communities in which we operate. Our approach to human capital development is therefore deeply integrated with our commitment to social upliftment. We continued to invest in building community capacity, improving local infrastructure, and empowering the next generation through targeted youth development initiatives.

We continue to prioritise a learning-focused and knowledge-sharing culture offering several overseas training opportunities through our annual training calendar. Additionally, the Group hosted the Hayleys Plantations Management Symposium for the second year, emphasising innovation and sustainability in the plantation sector.

Our HR initiatives also prioritised collaborative partnerships with academia and research organizations to enrich our knowledge base, recognising that knowledge and Intellectual Capital has been a foundational pillar of KVPL's "future fitness" enabling us to anticipate the expectations of tomorrow, from market dynamics and customer demands to the needs of our own workforce.

The sharp escalation in cost of living over the previous year led us to help our workforce earn higher incomes whilst carefully balancing the commercial viability

of our business. As we have consistently emphasised, wage increases not tied to productivity risk undermining the viability of the plantation industry, with far-reaching negative consequences for employees, companies, communities, and the national economy. In response, KVPL continues to promote small scale entrepreneurship and expand the Revenue Sharing Model, initiatives designed to offer sustainable, mutually beneficial income opportunities for our employees and their families. In addition, our diverse and numerous community capacity building initiatives empower youth by supporting education and skills training, equipping them with the tools needed for gainful employment.

### Looking Ahead

Demand for Tea and Rubber is expected to be stable over the short-to-medium term. Global Tea output is projected to increase by a Compound Annual Growth Rate (CAGR) of 5.72% from 2025 to 2030 (2024, Global Market Report Tea Prices and Sustainability Article Published by the International Institute for Sustainable Development). with the global landscape presenting a mix of challenges and opportunities. However, Sri Lanka is positioned to benefit from these emerging demand trends. In India, responsible for nearly 20% of global Tea consumption, demand is expected to grow by 3% to 4% over the next two to three years. This upward trajectory offers Sri Lankan Tea a strategic advantage, supported by geographic proximity and well-established trade relations.

Meanwhile, China's Tea market continues to expand with a rising preference for Black Tea and sustained demand for premium loose-leaf varieties. Our subsidiary Mabroc, as the leading exporter of Sri Lankan Tea to China, is uniquely positioned to capitalise on the growing demand in this key market. Challenges to Sri Lankan Tea exports in the short to medium term continue to stem from geopolitical tensions and evolving trade dynamics.

On the supply side, while Africa has increased production, significant year-on-year declines in Bangladesh and North India, amounting to nearly 60 m kg have led to a global shortfall of approximately 30 m kg as of November 2024. However,

it is important to note that this deficit is largely confined to the CTC segment, which has little to no relevance to Sri Lanka's Tea industry, as the country primarily produces and trades in Orthodox Tea. As a result, the shortfall is unlikely to have any significant impact on Sri Lanka's Orthodox Tea segment. In this backdrop, KVPL subsidiary Mabroc aims to move up the value chain in its Kenyan trading operations by establishing a Tea bagging facility, enabling the export of value-added Tea bags. Overall, these dynamics position the Sri Lankan Tea industry to capitalize on favourable market conditions and emerging regional opportunities.

KVPL's long term strategies, rooted in a proactive and forward-thinking approach, position the Company well to navigate the industry's complexities, capture emerging opportunities and drive sustainable growth in an increasingly dynamic operating environment. Its journey thus far has been fueled by cultivating a sustainable value mindset among our employees, from estate level to executive leadership, knowing that it is fundamental to the success of our long-term strategies. Guided by the Hayleys Group's well defined ESG Roadmap the Hayleys Lifecode, we will continue to embed environmental and social consciousness into our business strategies and the fabric of our operations.

As we look ahead with renewed vigour, KVPL is well positioned to realise the long-term benefits of its strategies. With a "Future Fit, Future Ready" mindset and strategies cultivated over several decades and a holistic approach to our business, we integrate each initiative, stakeholder, and sustainability effort into a larger mosaic of interdependent elements, all working together to create long term value, resilience, and inclusive growth.

We will continue to drive a dynamic and forward-thinking model, one that constantly researches, anticipates, and adapts to the evolving landscape of environmental conditions, market trends, and stakeholder expectations. Just as the "Future" is always one day away, we believe innovation must be a continuous journey, ensuring we are always a step ahead, not waiting for the future, but actively shaping it.

### Conclusion

I would like to convey my heartfelt appreciation to our Chairman and my colleagues on the Board for their guidance, unstinted support and the confidence placed in me. KVPL's people and its knowledge base have been the key to transformation from a traditional plantation to a regenerative, knowledge-based enterprise. It has enabled us to anticipate stakeholder expectations, align with global standards, and pursue forward-thinking certifications long before they became industry norms. My gratitude to the 7,613 individuals that make up our "One Team".

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, and ensure that "*Future Fitness is in our nature*".



Roshan Rajadurai PhD, D.Sc.  
Managing Director

05 May 2025

## Stakeholder Engagement

GRI 2-29

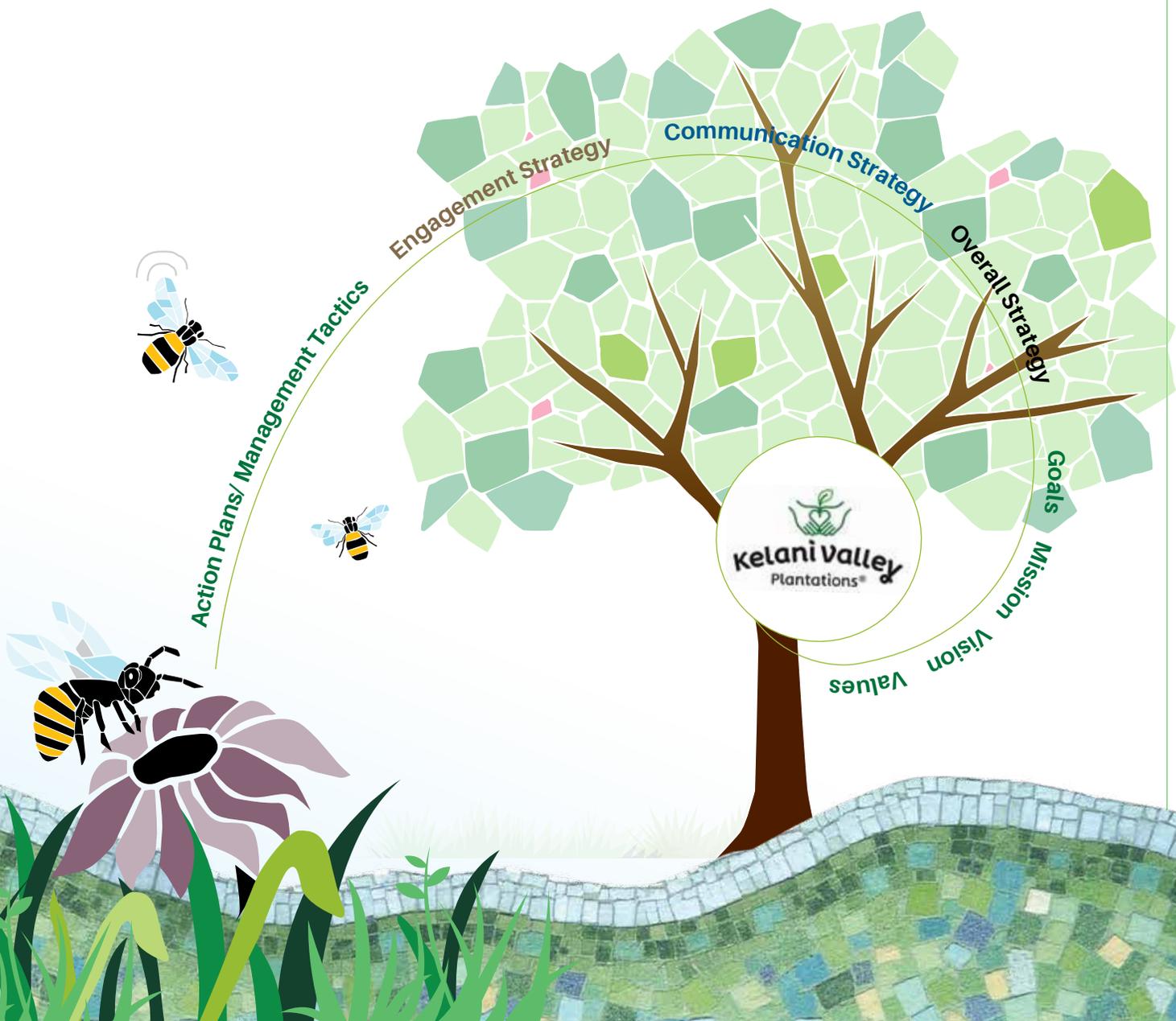
At the core of KVPL’s value creation framework are its stakeholders, who serve as vital pillars by contributing essential capital inputs. Recognising their importance, the Company prioritises building strong, enduring relationships through meaningful engagement. Our approach to stakeholder engagement is grounded in transparency, accountability, and mutual respect. Over the course of the year, we actively engaged with a diverse range of stakeholders to better understand their expectations, respond to their feedback, and align our strategies with shared values and priorities. This approach goes beyond meeting expectations it

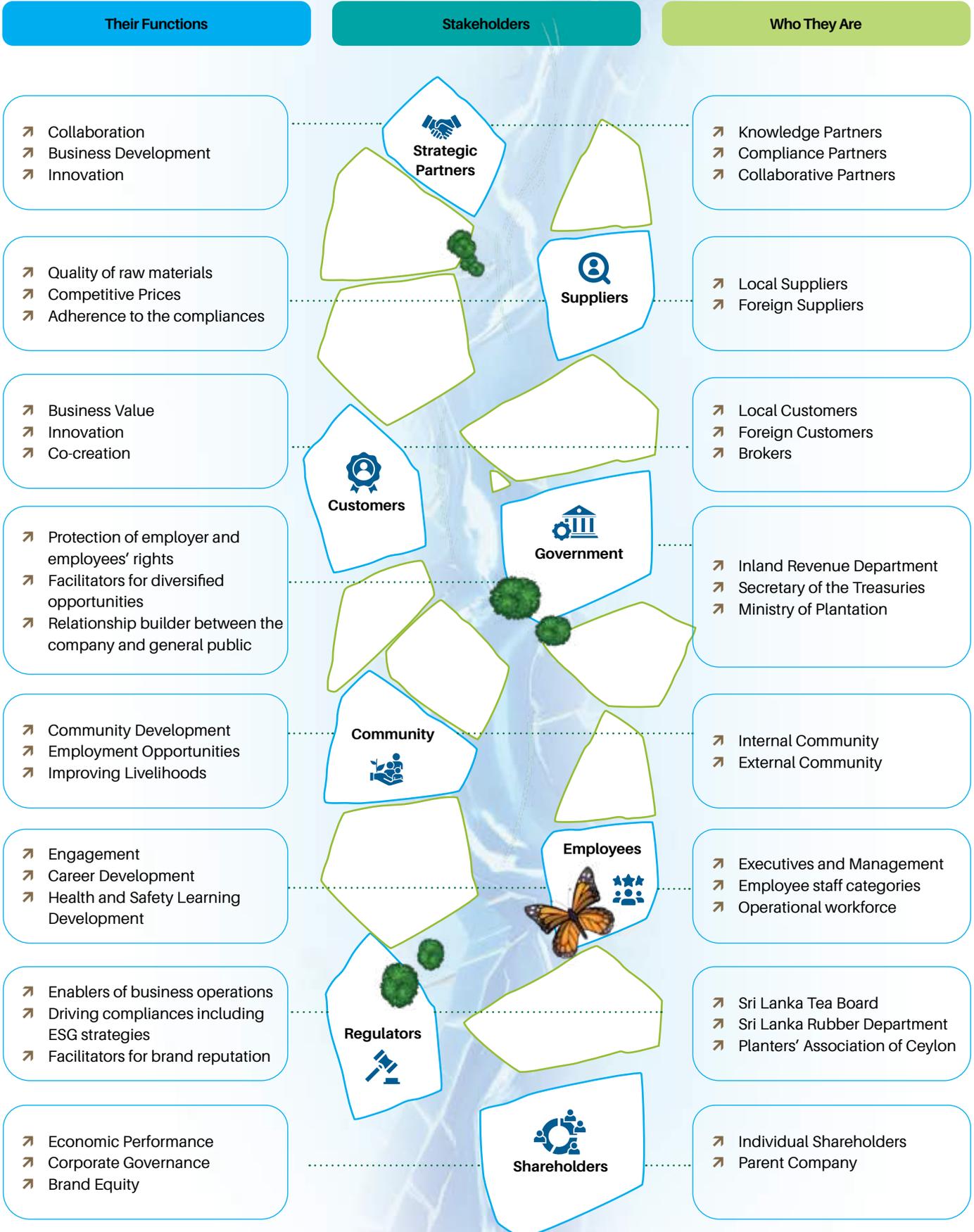
is about anticipating needs, creating shared value, and fostering trust through open, transparent communication.

As we move forward, we remain committed to strengthening stakeholder relationships and fostering inclusive engagement that supports our purpose and drives long-term value creation, positioning us to become a "Future-Fit" company.

### List of Stakeholder Groups

Stakeholder engagement is not only a tool for identifying risks, opportunities, and challenges, but also a means of reinforcing KVPL’s long-term credibility and resilience. Our multi-stakeholder engagement framework clearly outlines each stakeholder group, their roles, and how they actively contribute to our corporate value creation journey.

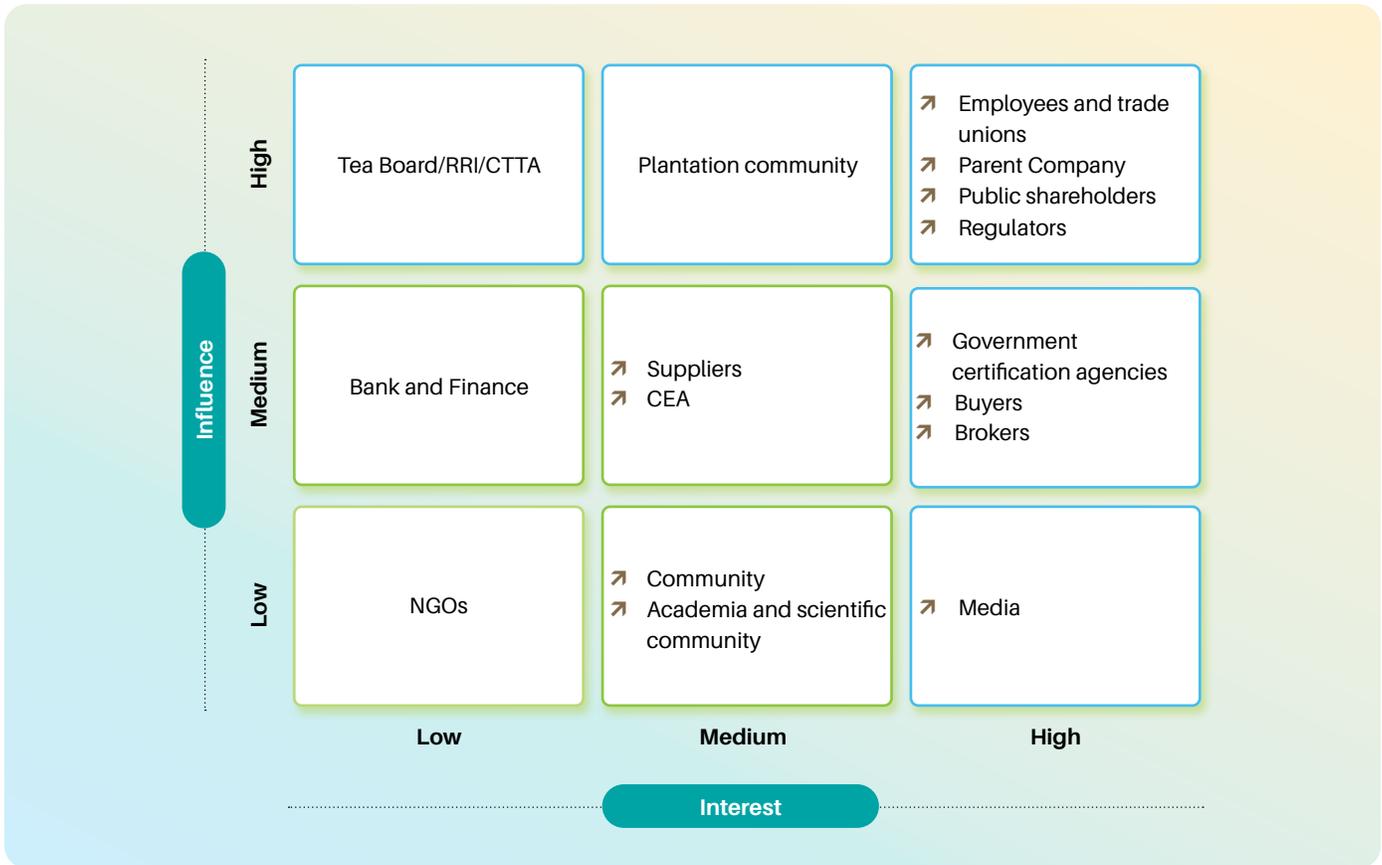




### Collective Bargaining, Agreements

GRI 2-30

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 prioritised according to both their level of influence on KVPL and their level of interest in the Company.

### Creating Meaningful Relationships with Stakeholders

Effective communication is fundamental to ensuring stakeholders understand the motivations, objectives, and strategies behind our actions. This transparency fosters trust and long-term support, which are essential for sustained value creation. We employ a wide range of communication channels, carefully tailored to the needs and expectations of each stakeholder group, with a strong emphasis on clarity, relevance, and sensitivity. For key stakeholders such as employees, suppliers, business partners, customers, and residents of our plantation communities we recognize that how we communicate is just as important as what we communicate.

## Approach to Stakeholder Engagement

GRI 2-29

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

Stakeholder Category	Positioning in Corporate Landscape	Measurables/ KPIs (Expected Outcomes)	Mode of Engagement	Frequency						Methods of Managing Stakeholder Concerns and Responses				
				1	2	3	4	5	6					
 Employees	Internal	<ul style="list-style-type: none"> <li>➤ Career progression and succession</li> <li>➤ Fair benefits &amp; remuneration</li> <li>➤ Training and education</li> <li>➤ Skills &amp; competency development</li> <li>➤ Health, safety and well-being</li> <li>➤ Employee retention &amp; rewarding</li> <li>➤ Quality of work-life</li> </ul>	Employer- Employee discussion days							●	Assuring Health, safety, and overall well-being of employees through HSW committees  Work-life balance and job satisfaction  Through weekly employee-employer relationship day			
			Oracle HCM evaluation			●							●	
			Grievance mechanism											●
			Digital, global, technical, ESG, mindfulness and youth learning series			●								
			Company newsletter - "Hayplan" and Hayleys "Connect" magazine					●						
			Medical facilities, Day care centers, Home gardening, "Seal" initiative											●
			Estate and Corporate review meetings, CEO's performance meeting											●
			Long-service Awards			●								
			KVs together - Annual employee gathering			●								
			Best Harvester competition			●								
			Knox by KV's & Estate staff appreciation dinner			●								
 Community	Internal/ External	A Home for Every Plantation Worker	Community capacity building								●	Education, youth empowerment, and capacity building  Environmental support and green economy initiatives		
			Youth empowerment										●	
			Living environment											●
			Health & nutrition											●
			Community learning & education											●
			community health & wellbeing											●
			Support for green economy										●	
			External community relationships											●
Corporate value sharing									●					
 Shareholder	Internal	<ul style="list-style-type: none"> <li>➤ Sustainable &amp; favourable financial performances</li> <li>➤ Sustainable ROI</li> <li>➤ Ethical &amp; transparent reporting</li> <li>➤ Strategy and business diversification</li> <li>➤ Sustainability framework/ Sound ESG initiatives</li> <li>➤ Stable business growth &amp; responsible resource management</li> </ul>	Corporate website/ PR campaign and Social media								●	Training and education  Employee retention & reward		
			Annual Report/ AGM		●									
			Financial compliances and reporting											●
			Reviews and Shareholder meetings				●							
			Newsletters				●							

Stakeholder Category	Positioning in Corporate Landscape	Measurables/ KPIs (Expected Outcomes)	Mode of Engagement	Frequency						Methods of Managing Stakeholder Concerns and Responses		
				1	2	3	4	5	6			
 Regulators	External	<ul style="list-style-type: none"> <li>➤ Monitoring of workplace safety and environmental issues.</li> <li>➤ Evaluating and monitoring the compliances of product, quality and supply chain procedures.</li> </ul>	Progress reviews	●		●				Review product quality and supply chain standards  Engage through audits, compliance reports, and annual reporting		
			Annual Reports and other compliance reports		●							
 Government	External	<ul style="list-style-type: none"> <li>➤ Compliance with set laws and regulations</li> <li>➤ Financial and/or operational controls.</li> </ul>	Collective agreements, state agreements and other financial/ compliance reports					●		Ensure legal and regulatory compliance  Engage through state agreements and compliance reviews		
					●							
 Customers	Internal/ External	<ul style="list-style-type: none"> <li>➤ Product quality testing</li> <li>➤ Timely delivering</li> <li>➤ Customer engagement</li> <li>➤ Adherence to ESG - Sustainability compliances</li> </ul>	Annual reports/ Newsletters/ Websites					●		Maintain product quality and timely delivery.		
			Annual SDG Report						●			
			Annual Report							●		Aligning with ESG and sustainability standards
			Customer engagement platforms							●		
 Suppliers	External	<ul style="list-style-type: none"> <li>➤ Quality of the raw materials</li> <li>➤ Competitive prices</li> <li>➤ Supplier survey</li> <li>➤ Adherence to ESG - Sustainability compliances</li> </ul>	Annual reports/ company website						●	Ensure quality raw materials and competitive pricing		
			Supplier reviews and engagement platforms								●	
			Annual report								●	Engage via supplier surveys, reviews, and sustainability checks
											●	

Stakeholder Category	Positioning in Corporate Landscape	Measurables/ KPIs (Expected Outcomes)	Mode of Engagement	Frequency						Methods of Managing Stakeholder Concerns and Responses
				1	2	3	4	5	6	
Strategic Partners 	External	➤ Research and development, scale of advance and new knowledge transfer	Research placements/ internship programmes/ research publications and knowledge sustainability approaches							Collaborating on R&D, innovation, and market alignment  Ensure sustainable practices and non-conformity management
		➤ Level of alignment for market competition with the culture of innovations and creativity	Market reviews/ competitor analysis reports/ competitor engagement mechanisms							
		➤ Maintaining sustainability on Non-conformity with standards	Regular reviews/ audits/ continuous awareness					●		
		➤ Evaluation of produce and market alignment	Market reviews/ Broker engagement & communication mechanisms						●	
		➤ Fostering best industrial relationship mechanism	Appeal for the productive wage model/ Employer - Employee discussion days/ regular reviews/ grievance handling mechanism						●	

### Entities included in the consolidated financial statements



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

- a. Kelani Valley Plantations PLC
- b. Kelani Valley Resort (Private) Limited
- b. Mabroc Teas (Private) Limited
- c. Kalupahana Power Company (Private) Limited



"Since 2008, IUCN’s collaboration with KVPL has exemplified how scientific partnerships can advance Biodiversity conservation within commercial landscapes. At Halgolla Estate, this synergy strengthens our shared vision for Biodiversity conservation with sustainable agri-business rooted in ecological integrity."



**Dr. Shamen Vidanagama**  
Country Representative, IUCN Sri Lanka

# 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 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.
8. IFRS/SLFRS Sustainability Standards
9. Sustainability Accounting Standards Board (SASB)

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

In line with established sustainability reporting frameworks and regulatory requirements, this report integrates sustainability context across its content. Topics have been carefully selected based on their materiality to both the Company and its key stakeholders, with an emphasis on presenting comprehensive and balanced information wherever feasible.

To ensure adherence to quality principles, the Company's financial statements have been independently audited by Chartered Accountants, while internal audits are conducted regularly throughout the year. All other non-financial disclosures have been reviewed and approved by the respective senior management to uphold the accuracy and reliability of reported information. Where applicable, two years of comparative quantitative data have been included, in alignment with the Global Reporting Initiative (GRI) Standards.

### Process of Determining Material Matters

**GRI 3-1**

In alignment with sustainability reporting frameworks and regulatory requirements, this report integrates the sustainability context throughout its content. Topics

have been carefully identified and selected based on their relevance and significance to both the Company and its key stakeholders, with a commitment to presenting information as comprehensively as possible.

To uphold quality principles, the Company's financial statements are subject to independent audits conducted by Chartered Accountants, complemented by regular internal audits throughout the year. All other disclosed information is reviewed and approved by relevant senior management to ensure accuracy, consistency, and reliability.

In accordance with the GRI Standards, we have provided two years of comparative quantitative data wherever applicable, enhancing the report's transparency and enabling year-over-year performance tracking.

The following section outlines the transparent and systematic process used to identify material topics that reflect our most significant economic, environmental, and social impacts, and that influence the decisions of our stakeholders.

Transparent process employed in selecting topics material to the Company and stakeholders:



# Materiality Assessment

## Our Material Matters

**GRI 3-2**

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
- Environment Topics
- Social (People & Community) Topics
- Government 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**

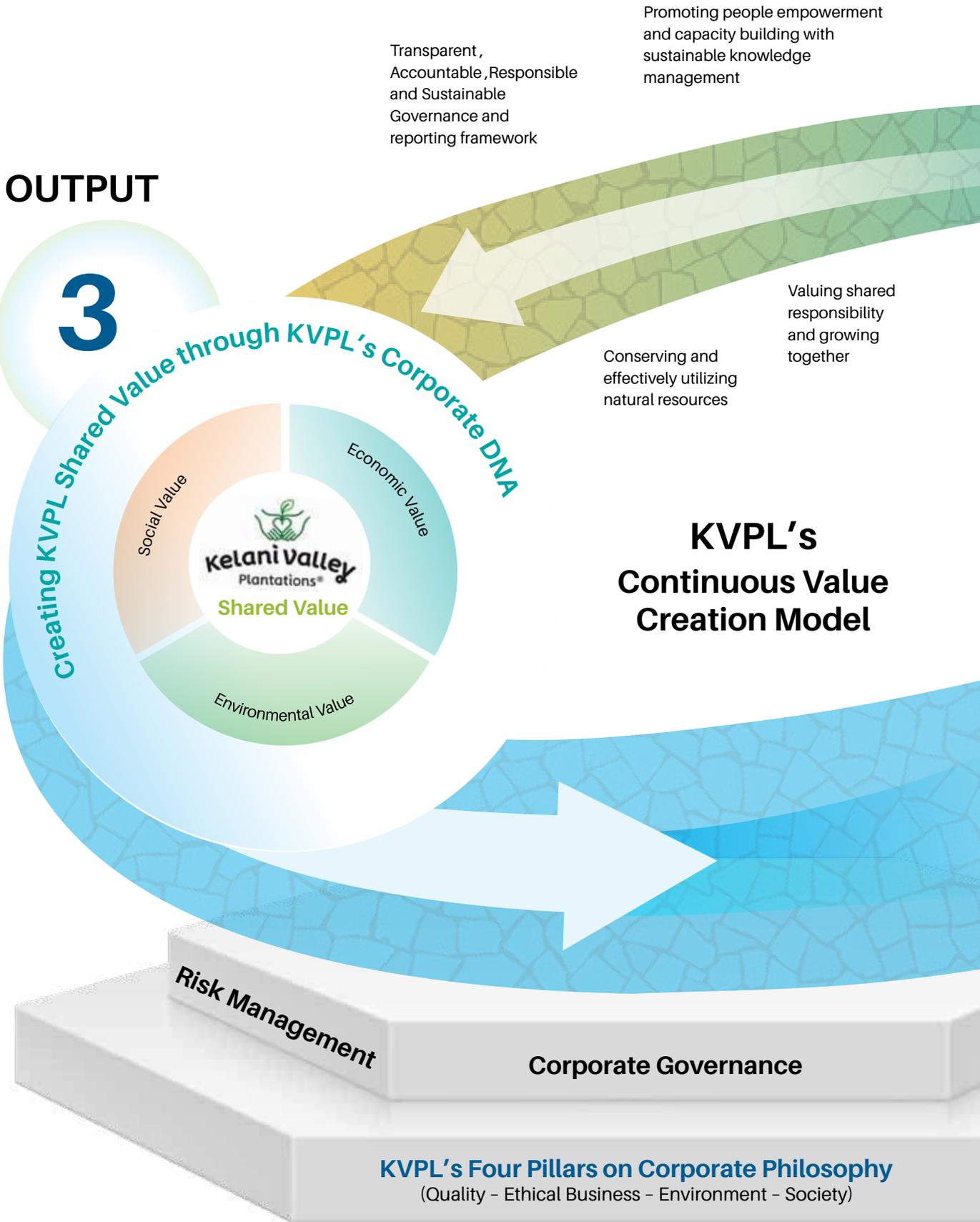
- Planters’ Association
- Ceylon Chamber of Commerce
- United Nation Global Compact
- Biodiversity Sri Lanka
- Wild Life and Nature Protection Society of Sri Lanka

## List of Material Topics GRI and Management Approach

### Material Topic Table

Material Themes	Material Topics	GRI Topics
 <b>Economic</b>	Financial stability and economic value sharing	201, 202, 203
	Innovations, Capacity development and future readiness	203
	Taxation and Cost Management	203
 <b>Environmental</b>	Climate Action and Responses	201
	Carbon footprint (Energy and Emissions)	302, 305 FB-AG-110a FB-AG-130a
	Water and Biodiversity	303, 304 FB-AG-140a
	Effluent and Waste	306
 <b>Social (People and Community)</b>	Attraction of top talent, upskilling and retention	401, 402, 404, 405, 406
	Health, Safety and Well-being	403, 416 FB-AG-250a FB-AG-320a
	Community engagement and stakeholder networking	413 FB-AG-430a
 <b>Governance</b>	Resource Utilizations and Material consumption	301 FB-AG-440a
	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"> <li>➤ KVPL has adopted a crop and business diversification strategy to reduce reliance on Tea and Rubber, rebalance its risk portfolio, and develop alternative revenue streams beyond core agricultural operations. Diversification of supply chain to ensure supply chain resilience and market expansion and increasing value added products.</li> <li>➤ Innovation is key to sustaining our competitive edge and remaining relevant to evolving market and environmental dynamics.</li> <li>➤ Cost management strategies and change management framework helped to reduce the impacts of a unplanned wage hike mandated by Government in September 2024; diminished employee morale, business uncertainty and other significant risks to PBT.</li> </ul>	  
<ul style="list-style-type: none"> <li>➤ A clear cut path of commitment with targets for reduction- our approach was strengthened by securing SBTi approval for emission reduction targets with long term objective to become net zero by 2049; the renewable energy portfolio and Bio diversity conservation projects and commitments to UNSDGs, CEO Water Mandate and UNGC.</li> <li>➤ Energy remains a critical factor due to concerns over supply reliability and rising energy costs.</li> <li>➤ Our approach to energy consumption was strengthened by the focus on developing renewable energy and the SBTi approved targets to reduce our emissions.</li> <li>➤ Commitment to water stewardship as one of the earliest signatories to CEO Water Mandate. Was recognised for its commitment with the appointment as Chair of the Working Group under UNGC Sri Lanka and Patron of the Working Group.</li> <li>➤ An approach that goes beyond mere commitment to proactive initiatives. We have pledged to comply with UN SDG and UNGC principles.</li> <li>➤ KVPL's 3R policy Reduce, Reuse, Recycle aims to minimise the use of material inputs and ensure waste is managed through environmentally responsible methods.</li> </ul>	   
<ul style="list-style-type: none"> <li>➤ The only plantation Company to be "Great Place to Work" certified for the 4th consecutive year.</li> <li>➤ Winner of Gold award for People Development at the Sri Lanka Institute of Training and Development (SLITAD) People Development Awards 2023/24.</li> <li>➤ Committed to National OHS &amp; Well-being policies and all products and processes are fully compliant with ISO 22000:2018 HACCP and GMP (Good Manufacturing Practices) Certification</li> <li>➤ UN accreditation, KVPL's flagship Corporate Sustainability (Strategic CSR) framework, "A Home For Every Plantation Worker", since 2006 is a key pathway for holistic, effective community engagement.</li> </ul>	  
<ul style="list-style-type: none"> <li>➤ Our approach focuses on conserving limited resources by promoting the Reuse-Reduce-Recycle (3R) concept to ensure the optimal use of material inputs.</li> <li>➤ KVPL complies fully with national regulations on freedom of association, collective bargaining, child labour and forced labour. Therefore, the company refrains from dealing with any suppliers who may not be compliant.</li> <li>➤ Voluntary commitments to Mother &amp; Child Friendly Seal initiative; 1st Plantation Company to have a Child Policy</li> <li>➤ KVPL has a policy of compliance with all universal and national laws and regulations</li> <li>➤ KVPL's procurement policies meet all national and universal laws and regulations.</li> <li>➤ KVPL's commitment to UNGC principles and Hayleys Anti-corruption policy</li> </ul>	    



## OUTPUT

# 3

Creating KVPL Shared Value through KVPL's Corporate DNA

Social Value

Economic Value

**Kelani Valley Plantations®**  
**Shared Value**

Environmental Value

Transparent, Accountable, Responsible and Sustainable Governance and reporting framework

Promoting people empowerment and capacity building with sustainable knowledge management

Conserving and effectively utilizing natural resources

Valuing shared responsibility and growing together

## KVPL's Continuous Value Creation Model

**Risk Management**

**Corporate Governance**

**KVPL's Four Pillars on Corporate Philosophy**  
(Quality - Ethical Business - Environment - Society)

Values

Vision

Mission

Goals

Strengthen by Strong corporate code of ethics, principles and strategies

Culture with Opportunity for innovation and creativity

2

- Sustainable Diversification
- Crop Diversification
- Biological Diversification
- People Diversification

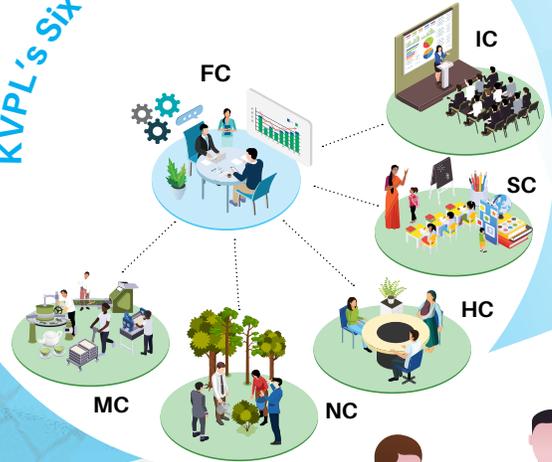
Core Business Operations



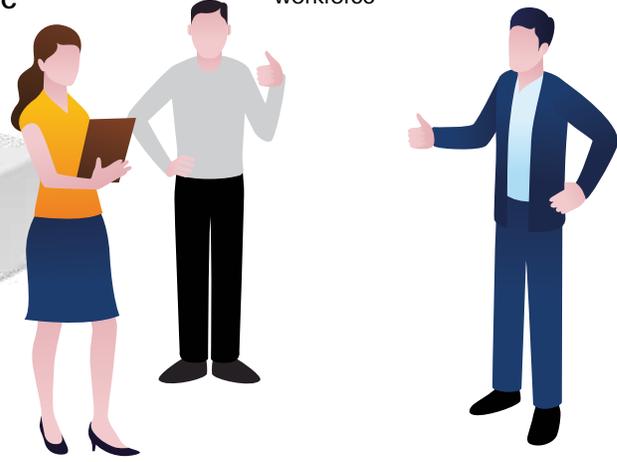
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INPUT

KVPL's Six Capitals Integration



Facilitating physical, psychological and emotionally friendly workplace with diverse workforce



Sustainability

Financial Capital

- EBITDA 1,972 m sales 21.6 B
- ROCE 13.33% Capital expenditure Rs. 1,005 m
- ROA 5.70%

Natural Capital

- Successfully completed Science Based Targets (SBTi) validation
- Installed rooftop solar project at Ingestre Tea Processing Center
- Completed second round of biodiversity assessments
- Achieved regenagri certification as the world's first certified tea plantation

Human Capital

- Great Place to Work certified for the 4th consecutive year - 99% employee satisfaction.
- Gold Award at SLITAD People Development Awards 2023/24 for HR excellence.
- Record Training Investment - 66,016 people trained, 91,038 training hours.
- Youth Leadership Development - Gen Y & Z make up 40% of workforce.
- Oracle Fusion HCM system implemented for performance-based management.
- First Female Field Supervisor appointed; 52% of total workforce are women.

Social & Relationship Capital

- CSR Investment: Over Rs. 200 million across health, housing, and education.
- 251 houses built, roads, sanitation, and water facilities improved.
- 127,000+ meals served to children; 316 daycare children supported.
- Child Protection Policy fully implemented with tech-based monitoring.
- Kelani Valley Protectors Initiative expanded with IUCN - focus on environment and community.
- Women's Health Initiatives: Hygiene stations, cancer awareness, and maternity support.

Manufactured Capital

- Installation of 2 new roof top Solar energy plants at Ingestre Tea factory, and Panawatte Rubber factory 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. 80 m.
- Invested in drone-based chemical/ fertilizer application with an investment of Rs. 30 m.
- Implementation of the new ERP system with a total investment of Rs. 16 m - enabling enhanced efficiency and streamlining operations.

Intellectual Capital

- 1st Regional Plantation Company to conduct a plantation symposium for the 2nd consecutive time: 46 synopses were submitted
- Launch of Triple Crown
- World's first Intellectual Tourism model
- The World's First Tea Estate Certified with the regenagri Standard
- On-Location Centre for Biodiversity Research and Sustainable Knowledge Management
- World 1st Plantation Company to achieve ISO/IEC 270001:2022 certification for Information Security Management System (ISMS)

Overall Strategy

Communication Strategy

Engagement Strategy

Action plans/ Management Tactics

# Environmental, Social and Governance (ESG) Framework at KVPL - a Mosaic of Diversity

Just as a mosaic is formed from a diverse array of tiles or threads each unique, yet contributing to a unified and vibrant whole KVPL’s commitment to ESG, and the many diverse initiatives that support it, have shaped us into the Future-Fit organization we are today.

For us, diversity goes beyond people. It spans across our crops, businesses, ecosystems, and cultures woven throughout all our capitals. These interrelated elements form the foundation of our holistic sustainability strategy.

Each tile that KVPL continues to place across different points in time and across different capitals is part of a long-term journey, ensuring we remain agile, resilient, and “Fit for the Future.” What we envisioned years ago has enabled us to respond effectively to the evolving expectations of today’s stakeholders.

# ESG



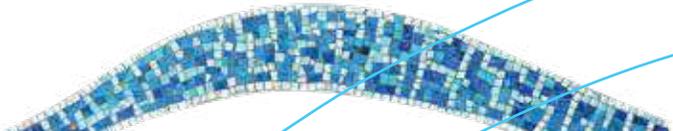
2019

2020

2021

### Our ESG journey

Building on our efforts to strengthen ESG knowledge across the organisation both horizontally and vertically this year we focused on applying that knowledge to expand our global footprint. This led to a "Triple Crown" of global firsts, while simultaneously translating ESG understanding into on-the-ground actions that delivered tangible benefits to our Financial Capital.





**Dr. Anuruddha Gamage**

Head/General Manager – HR & Corporate Sustainability



*At Kelani Valley Plantations PLC, sustainability is not an add-on—it's at the heart of our transformation. Our Sustainability framework, with the tag-line of "KVPLs Corporate DNA", drives this vision strongly for us to differentiate us from the rest. We're moving beyond the traditional plantation model to build a SMART, regenerative agri-business that is responsible, future-Fit, and resilient.*



Creating global footprints in ESG sustainability and impacting at "ground" level

**2024**

Knowledge building for ESG

**2023**

Establishment & Internalisation of an ESG Framework

**2022**

As we progressed in our sustainability journey the Company recognized the value of a formalized structure for what we intrinsically knew and practiced. Accordingly, year 2021/22 saw the launch of a comprehensive ESG framework which sets forth a set of strategies, objectives and a formalised structure to bolster and strategically align the Company's Sustainability Development strategy with its overarching business strategies. As a member of Hayleys Group, KVPL's ESG strategies are also aligned with the Hayleys Group's ESG objectives and strategies which are provided in the "Hayleys Life Code".

## Our ESG Vision

Stimulate the functioning ecosystem by providing clean air and water, enriching the natural food cycle for all living being; ensuring health & wellbeing; empowering the plantation community and enhancing their quality of life.

## Environmental, Social and Governance (ESG) Framework at KVPL - a Mosaic of Diversity



### ESG Steering Committee

The ESG Steering Committee established in 2022, plays the central role in setting and driving the Company's Sustainability agenda. The Steering Committee which is chaired by the Head of Sustainability who is a member of the Senior Management team, convenes once a month to assess progress with regard to ESG objectives and towards the United Nations Sustainable Development Goals (UNSDG's). Key discussion points from these Steering Committee meetings are shared at KVPL's monthly Management Committee meetings to ensure alignment with the strategies and objectives of the Company and the Group. The outcomes of these meetings are then communicated to the Hayleys Group Plantation Sector's ESG Steering Committee, which is led by Dr. Roshan Rajadurai, Managing Director of KVPL and a member of the Hayleys Group Management Committee (GMC). 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.

As KVPL falls within the organizational framework of its parent group -Hayleys PLC., we are also brought under the unified steering committee which is dedicated to advancing sustainability across the entire Group. The Hayleys Group's ESG Steering Committee includes KVPL's Managing Director (who is the MD of all three Plantations Companies of the Group) serving as Board Director, Operational Directors, Heads of Finance and Sustainability as well as selected members of KVPL ESG Steering Committee. This collaborative structure fosters synergies and enables comprehensive oversight ensuring that Environmental, Social and Governance considerations are strategically addressed.

### 2024 in a nutshell : Shaping the Mosaic of Tomorrow

As highlighted in our previous report, KVPL's strategic ESG focus has been underpinned by a comprehensive knowledge management strategy marking the beginning of our journey from Transition to Transformation of an organizational culture- ensuring we remain Fit for the Future. Today, KVPL is

beginning to "harvest" the rewards of that transformation. Knowledge acquisition, storage, and practical application are now enabling us to unlock synergies across the five capitals, adding tangible value to our Balance Sheet while also "growing" new pathways for sustainable growth and profitability.

Collaborative partnerships have been another cornerstone of our ESG strategy. These partnerships are designed for mutual value creation, often yielding synergies where the collective outcomes far exceed the individual contributions. Many of these collaborations were initiated specifically to bring in external expertise and fresh knowledge reinforcing our belief that continuous learning is key to bridging the gap between strategic intent and on-the-ground implementation. This year, our teams across Strategic Business Units have actively applied this knowledge at the grassroots level literally, to the "ground" and amongst people translating it into measurable value, including strengthened expansion into global markets.

Our collaborations with leading academic institutions, both locally and globally, have further cemented our commitment to innovation and scientific rigor. These partnerships have helped position Halgolla Estate as a pioneering case study, enabling the introduction of new crops and the development of high-value products tailored to niche markets. This scientific integration layered upon our employees' experiential and tacit knowledge has significantly enriched our marketing strategy. Today, we don't just talk about innovation; we are making it happen. The transfer of ESG knowledge across the length and breadth to estate and Strategic Business Units is being applied yielding "harvests" (such as in the Agroforestry model) that have begun to have tangible impacts on our financial statements.

The year under review was marked by several milestones, including a Triple Crown of global firsts. Notably, Halgolla Estate became the first tea estate in the

world to receive regenagri certification. Furthermore, we received formal approval for our Science-Based Targets as part of our long-term commitment to climate action.

Our enriched Intellectual Capital has played a crucial role in advancing the Agroforestry model a sustainable, win-win solution that addresses environmental challenges while enhancing Natural Capital. At the same time, the quality and diversity of our partnerships have bolstered both Intellectual and Natural Capital, catalyzing synergies and generating value across all five capitals. Ultimately, these efforts reinforce our Financial Capital.

### Summarized Findings of Research Studies

Research in Brief	Outcome After Doing the Research
The Nature of the Contractual Relationship and the Quality of Life of Tea Pluckers	1. Permanent workers' quality of life - Improved
Unveiling the Daily Life Events and Stress Factors among Tea Pluckers in Sri Lanka	1. Stress levels among tea pluckers - Reduced 2. Most workers view digitalization positively
Impact of Tea-Coffee Agroforestry on Production, Biomass, Biodiversity & Soil Health	1. Agroforestry earned up to <b>87% less profit</b> than conventional tea 2. Insect species count was <b>over 30</b> , showing stronger biodiversity than monoculture
B/C Analysis & Sustainability of Rainforest Alliance Certification in Up Country Tea	1. RA-certified estates had a 34% higher Benefit-Cost Ratio showing better economic performance
Biodiversity Contributions of Estates under Kelani Valley Plantations	1. KVPL estates recorded 90% of endemic birds, 50%+ of threatened amphibians and freshwater fish, showing significant indirect support for national biodiversity conservation outside protected areas

### Weaving the Mosaic: Highlights from 2024/25

Goals	Progress in 2024/25
Science based targets for our green footprint	Achieved approval from SBTi (Science Based Targets Initiative) for the targets we set for ourselves for reducing GHG emissions: Near-term target of reducing Scope 1 and Scope 2 emissions by 58% by 2033, and a long-term goal of achieving net zero by 2049.
Solutions for reporting ESG data across multiple regulatory frameworks	Have adopted the Sustainability Accounting Standards Board (SASB) standards in this report, bringing the total standards we report on to 12.
Ensure all our executive and management staff possess professional, tertiary or higher qualifications	The annual Plantations Management Symposium conducted in 2024, with a 18% increase in the number of synopses on new projects submitted by our Estates; reflecting the enthusiasm for innovating and utilizing advanced project management skills.  A 20% increase in the number who have registered for MBA programmes.
Advance the utilization of Artificial Intelligence	Utilised drones for liquid fertilizer spraying across all our fields and to gather vital data on plants and soil. Conducting trials for the spraying of granular fertilizer as well.
Enhance Gender Equity	First female supervisor on the field. Have welcomed 6 females as Agri Technical Officers during the year.
Mitigate business risks	Improving land productivity through multi cropping vis a vis mono cropping. New product development through the Halgolla Agroforestry pilot project -Halgolla Rare Tea and Rare Coffee

# Environmental, Social and Governance (ESG) Framework at KVPL - a Mosaic of Diversity



## Vision Mission



Our strategic vision is to integrate Environmental, Social, and Governance (ESG) principles at the core of our business to ensure long-term resilience, responsible growth, and value creation for all stakeholders. We aim to become a future-fit organization by:

### E

## Environmental DNA

KVPL's Environmental DNA embodies our commitment to ethical and sustainable environmental stewardship. Through initiatives like the Agroforestry Programme, we enhance Biodiversity and promote sustainable agriculture. Our Environmental Management System focuses on resource optimization, waste reduction, and carbon footprint management, aiming for carbon neutrality. These efforts are integral to our ESG MOSAIC Design, ensuring a harmonious balance between business growth and environmental responsibility.

### S

## Social DNA

At the heart of KVPL's Social DNA is the "Home for Every Plantation Worker" programme, a flagship CSR initiative launched in 2006. This programme underscores our dedication to improving the quality of life for our 58,000-strong workforce and their communities. By fostering a familial culture and investing in social infrastructure, we aim to uplift socio-economic conditions and promote inclusive growth, aligning with the social pillars of our ESG MOSAIC Design.

### G

## Governance DNA

KVPL's Governance DNA is rooted in transparency, accountability, and ethical leadership. We adhere to rigorous standards, including ISO Certifications and Fair Rubber Certification, to ensure compliance and integrity in our operations. Our governance framework is designed to uphold stakeholder trust and drive sustainable business practices, reflecting the governance principles of our ESG MOSAIC Design.

**Our ESG foundational elements Environmental, Social, and Governance are intricately woven into KVPL's ESG MOSAIC Design, creating a resilient and sustainable framework that guides our operations and stakeholder engagements.**

# IN THE MOSAIC OF DIVERSITY

*Sustainable by design, future-fit by nature*

## Strategic Vision

Leading the transition toward low-carbon and resource-efficient operations, while embedding climate resilience and circular economy practices into our value chain towards Innovations in sustainable technologies to reduce our environmental impact.

- 1st Tea Estate in the world to be regenagri certified- Halgolla Estate.
- Obtained SBTi target validation to foster Net Zero journey of KVPL.
- Home to the first on-location Center for Biodiversity Research and Sustainable Knowledge Management.
- Embraced advanced technologies through adopting Drone Technology for fertilizer application.

## Strategic Vision

Fostering a people-first culture that champions diversity, equity, and inclusion, while empowering communities and enhancing social value through collaboration and impact-driven initiatives, in order to ensure health, safety, and continuous learning for a future-ready workforce.

- 1st plantation company to be endorsed by Great Place to Work for the 4th consecutive year.
- LMD's most respected company in the Plantation Sector.
- The Gold award winner at SLITAD People Development Awards 2024.
- The 1st Plantation company to hold a Plantation Management symposium for the 2nd consecutive year.

## Strategic Vision

Upholding transparency, accountability, and ethical decision-making across all levels, while strengthening board oversight of ESG risks and opportunities, in order to embedding ESG performance into leadership accountability and risk management systems.

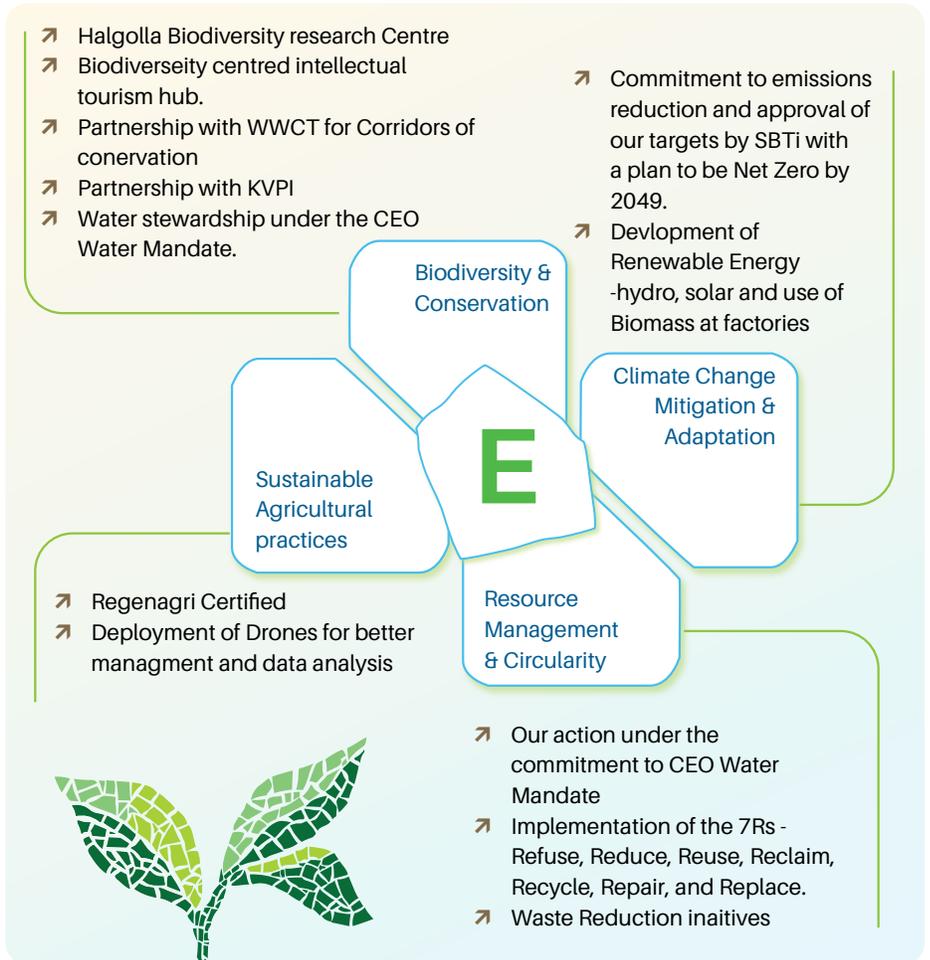
- Achieves global first with ISO/IEC 27001:2022 certifications in the plantation sector
- Incorporated sustainability and climate disclosure standards such as SASB and IFRS S2 in our integrated reporting.
- Gold Award winner in CA TAGS 2024 (Institute of Chartered Accountants of Sri Lanka)- Group Turnover above 5 billion.
- Winner of Bizz Awards 2024 - World Confederation of Business, USA (Recognition for Excellence in Business Management).

# KVPL's Environmental DNA



At KVPL, we have always been aware of the great responsibility that comes as a custodian of great resources. It is also the reason that we remain acutely aware of the importance of ensuring that the protection and enhancement of those resources are integral to the Company's performance. This symbiotic relationship between business and the environment defines KVPL's environmental DNA — resilient, regenerative, and globally aligned with the most progressive sustainability benchmarks.

With over 13,000 hectares of land extent under our custody and most of them located in ecologically important and high bio diversity areas of the country we have always been driven to conserve natural resources around our estates. We also stay mindful of the direct impact of climate on the viability and sustainability of our operations. Our commitment is grounded in aligning with global environmental priorities, including climate action, Biodiversity conservation, and resource stewardship. We put our environmental commitment into action through four distinct and critical focus areas, each guided by a targeted approach, as depicted herewith :



Today, while we continue to address widely recognized basic indicators such as energy efficiency, renewable energy, and pollution control, we have advanced our practices to reflect evolving stakeholder expectations and global environmental benchmarks. This progression is driven by the integration of science-based targets, nature-based solutions, and regenerative agriculture techniques all of which are designed to uphold environmental integrity while making us "Future Fit" by supporting long-term business continuity.

Our range of practices and frameworks that contribute to a more environmentally sustainable plantation model include:

KVPL's environmental strategy, covers several key areas such as Biodiversity conservation, including the protection of native species and ecosystems within and around our estates; Regenerative agriculture to restore soil health; improving water retention, and

building resilience to climate variability; monitoring and improving air and water quality; and ensuring the integrity of natural resources; investment in renewable energy solutions; energy-efficient technologies; and green infrastructure to promoting sustainable transport solutions and reducing reliance on fossil fuels.

We continue to review and adapt our environmental practices in line with emerging science, regulatory expectations, and stakeholder feedback with the goal of building a more climate-resilient and environmentally responsible business.

# KVPL'S Social DNA

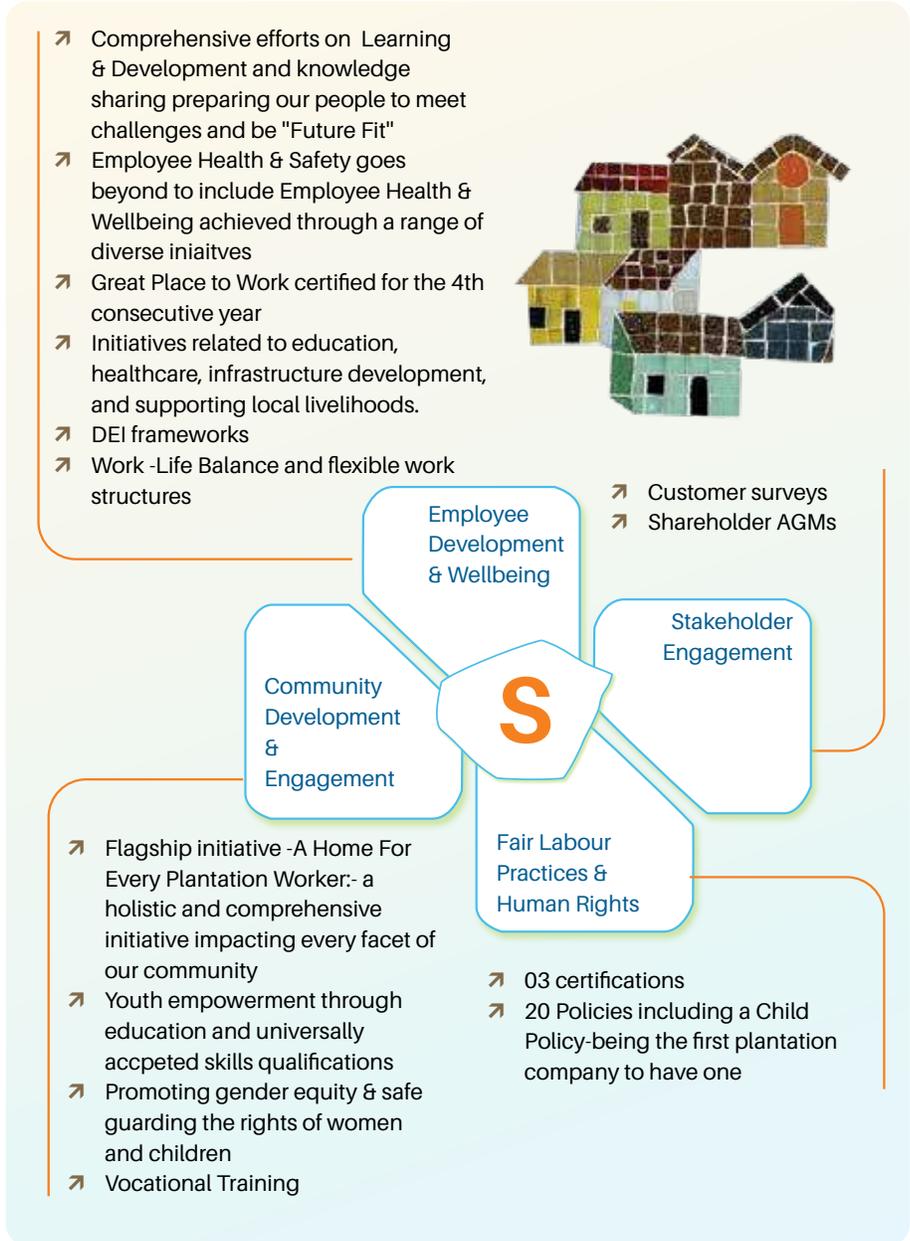


KVPL's operations extend to 7,432 direct employees and a thriving plantation community of 58,000+ individuals, inspiring us to drive our social sustainability strategy with a focus on impactful outcomes to address priority areas. These numbers underscore the significance of our social DNA in ensuring the sustainability of our enterprise. Moreover, our value chain partners and other diverse external stakeholders with whom we have forged relationship are also a key component of our Social Capital and an important factor in our synergistic value creation.

A core element of our Social DNA is the rich Mosaic of Diversity that defines our people across gender, age, ethnicity, geography, skill sets, and lived experiences. This diversity, which extends throughout our workforce and wider community, forms the backbone of our inclusive and resilient culture. We recognize that this multifaceted human landscape is not only a source of strength, but a vital enabler of innovation, empathy, and shared value.

In addition, our value chain partners and other diverse external stakeholders many of whom we've built longstanding relationships with form an integral part of our Social Capital. Together, they contribute to a synergistic value creation process that amplifies our impact.

Accordingly, our Social DNA is shaped around four distinct priority areas, each designed to nurture, empower, and elevate the diverse communities we serve and work alongside. We strive to impact to a numerous initiatives, most of which are continual and these are elaborated on in our Human and Social Capital sections of this report.



Over the past decades, we have strategically prioritized and embedded several key initiatives that have had a meaningful and lasting impact on both our employees and the communities we serve and also contribute to the UN SDG's. These initiatives focus on:

- Health, safety, and well-being of our workforce.
- Diversity, equity, and inclusion (DEI) frameworks.
- Work-life balance programs and flexible work structures.
- Health, education and welfare of women and children in our estate communities.
- Investing in the continuous capacity building of our workforce.
- Health, education, and psycho-social wellbeing of the children on our estates.
- Empowering communities by facilitating knowledge and skill development, promoting financial literacy, and creating opportunities for additional income generation.

- Supporting youth empowerment through education, vocational training, career guidance, and income-generating initiatives.
- Promoting gender equity and safeguarding the rights of women and children.

Today, KVPL considers the above as basic tenets of its approach to social sustainability and value creation, and have begun to embed them into measurable, transformative practices that meet and exceed evolving expectations of global stakeholders. We have progressed further, to a People Centric Approach and by championing data-informed and data verified and impact driven approach we have begun to redefine social sustainability on Sri Lanka's plantations.

- Social Conversion Ratio on PBT/PAT – assessing how financial performance translates into social value
- Social Business Impact Ratio – evaluating the depth and breadth of our contributions to community development
- Social Risk Assessment Score – identifying potential vulnerabilities and designing resilient social strategies

We view our people not as stakeholders to be managed, but as partners in progress shaping a more inclusive, equitable, and empowered future. Through this approach, KVPL seeks to ensure that our business growth is aligned with positive social outcomes, contributing to the long-term well-being of the people we work with and serve.

While many organizations engage in conversations around human rights, fair labor practices, health and safety, diversity, and community engagement, we have moved a step further; and begun to embed them into measurable, transformative practices that meet and exceed the evolving expectations of global stakeholders.

## KVPL's Governance DNA

Strong governance is essential to advancing sustainable business practices and building long-term stakeholder trust. At KVPL, we recognize that Environmental and Social goals must be supported by robust, transparent, and accountable governance structures. Our governance approach aligns with global trends toward enhanced disclosure, ethical conduct, and integration of sustainability into strategic decision-making.

Governance at KVPL goes beyond regulatory compliance. We are committed to incorporating sustainability into the core of our governance model, ensuring that environmental, social, and ethical considerations are embedded in how we operate, measure success, and manage risk.

Cornerstones of our strategies to ensure and continuously enhance Governance and Ethics include the following :

### Key aspects of our governance sustainability approach include:

- Board-level oversight of sustainability-related risks and performance
- Clear policies and codes of conduct related to business ethics, anti-corruption, human rights, and environmental responsibility
- Stakeholder engagement processes that support inclusive decision-making and responsiveness to stakeholder expectations
- Commitment to transparency in reporting, in line with international standards such as the Global Reporting Initiative (GRI), International Financial Reporting Standards (IFRS) Sustainable Development Goals (SDGs), and integrated reporting frameworks

As a publicly listed entity KVPL 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 commitment to fairness and objectivity in its reporting.

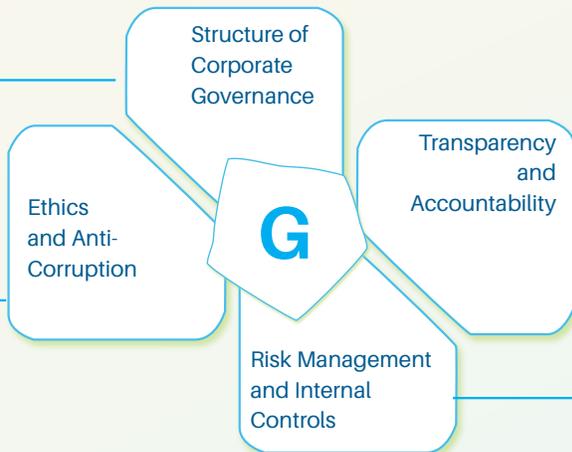
To strengthen the integration of governance and sustainability, KVPL focuses on:

- Enhancing data-driven decision-making through sustainability performance indicators
- Conducting materiality assessments to identify key ESG (Environmental, Social, and Governance) risks and opportunities
- Strengthening supply chain governance to ensure responsible sourcing and third-party compliance
- Fostering a culture of integrity, accountability, and continuous improvement across all levels of the organization
- By embedding governance into the foundation of our sustainability efforts, we aim to ensure that our environmental and social commitments are implemented effectively, monitored rigorously, and communicated transparently.



- The governance structure at KVPL is designed to uphold the highest standards of ethical conduct, while fostering agility, resilience, and innovation in an evolving business environment.
- Our Board of Directors plays a pivotal role in overseeing corporate strategy, risk management, and compliance, supported by a well-established system of Board Committees and executive leadership. This integrated approach enables clear delineation of responsibilities, balanced decision-making, and effective monitoring mechanisms.

- Transparency and accountability form the cornerstone of our governance philosophy. As part of our governance DNA, these principles are deeply embedded in how we operate, communicate, and make decisions ensuring that we build and maintain the trust of our stakeholders.
- Our governance framework is designed to provide timely, accurate, and comprehensive information to shareholders, regulators, employees, and the broader community, reflecting our unwavering commitment to integrity and ethical leadership.
- Accountability at KVPL is reinforced through clearly defined roles and responsibilities, rigorous oversight by the Board of Directors and its Committees, and strong performance management systems. This ensures that decision-making is not only aligned with our strategic goals but also held to the highest standards of responsibility and fairness.
- Commitment to transparency in reporting, in line with international standards such as the Global Reporting Initiative (GRI), International Financial Reporting Standards (IFRS), Sustainable Development Goals (SDGs), and integrated reporting frameworks



- Ethical conduct is not just a compliance requirement it is a core element of our corporate identity and governance DNA.
- Our anti-corruption framework is built on a zero-tolerance policy towards bribery, fraud, and any form of unethical behavior. We have instituted clear codes of conduct, rigorous internal controls, and regular awareness programs to ensure all employees and business partners adhere to the highest ethical standards.
- KVPL's governance mechanisms are designed to proactively identify and mitigate risks related to corruption and misconduct. These are supported by whistleblower channels and grievance redressal systems that provide safe, confidential avenues for reporting concerns without fear of retaliation.

- Ensuring that the organization remains resilient, agile, and future-ready in a dynamic operating environment. We recognize that proactive risk oversight is essential to safeguarding stakeholder value, supporting strategic objectives, and driving sustainable performance.
- This is to ensure a strong internal control system designed to uphold compliance, ensure financial accuracy, and promote efficiency. These controls are continuously reviewed and enhanced to reflect changes in the business landscape, regulatory environment, and stakeholder expectations.
- Oversight by the Board and Audit Committee, supported by internal audit functions and risk champions across business units, ensures transparency, accountability, and continuous improvement. Through this integrated approach, KVPL maintains a strong control environment that reinforces our commitment to ethical governance, operational excellence, and long-term sustainability.

## Environmental, Social and Governance (ESG) Framework at KVPL - a Mosaic of Diversity

### Ensuring Performance in ESG :

As stakeholder expectations evolve and reporting standards become more rigorous, KVPL remains committed to continuous enhancement of our governance systems to ensure they remain fit for purpose and future and aligned with global best practices. Thus, monitoring and quantifying our progress in this mosaic is an important aspect of our ESG sustainability. We evaluate our performance through

- Key Performance Indicators : we present a concise summary of our key ESG metrics and performance against targets using quantitative data wherever possible
- Measurement against previous Goals: We look at the progress made with regard to ESG commitments outlined in previous years.
- We establish ESG Priorities and Targets for the Future: We outline clear objectives and targets for the future under different timelines.

- Make further progress towards data driven decision making and continuously enhance the mechanisms of obtaining data and the accuracy of data
- Further advance the utilization of Artificial Intelligence
- Enhance gender equity
- Mitigate Business Risks
- Seek ISO 50001 certification for our energy management system
- We will continue to enrich our Intellectual Capital as a path to ensuring we remain "Future Fit" and the plantations sector remains sustainable.

We understand and appreciate that being environmentally and socially sustainable is an absolute necessity for the sustainability of our enterprise. It's this inherent commitment which will continue to propel us to keep adding tile by tile to expand the mosaic building on its diversity to remain vibrant and "Future Fit".

### The Way Forward

- We will continue to strive for further synergy, maximizing the interconnectedness and integration of value creation across the five capitals.
- Re-energised by the approval from SBTi, of our targets for reduction of our GHG emissions, we will prepare and implement a comprehensive action plan to keep reducing our Carbon footprint to achieve these science based targets: by aligning with SBTi's framework, KVPL has committed to a near-term target of reducing Scope 1 and Scope 2 emissions by 58% by 2033, and a long-term goal of achieving net zero by 2049.
- Seek to progress on quantifying our qualitative impacts for universal understanding and report in universally accepted indicators. These include the Social Conversion Ratio on PBT/PAT, Social Business Impact Ratio, Social Risk Assessment Score, Women empowerment and Gender equality, Science Based Targets (SBTi), moving from Carbon Conscious to Carbon Neutral and Carbon Positive; precision Agriculture; SMART Farming systems, and Regenerative Agriculture.

# Compliance with Product and Service Labelling

GRI 417-1, 417-2, 417-3, 418-1

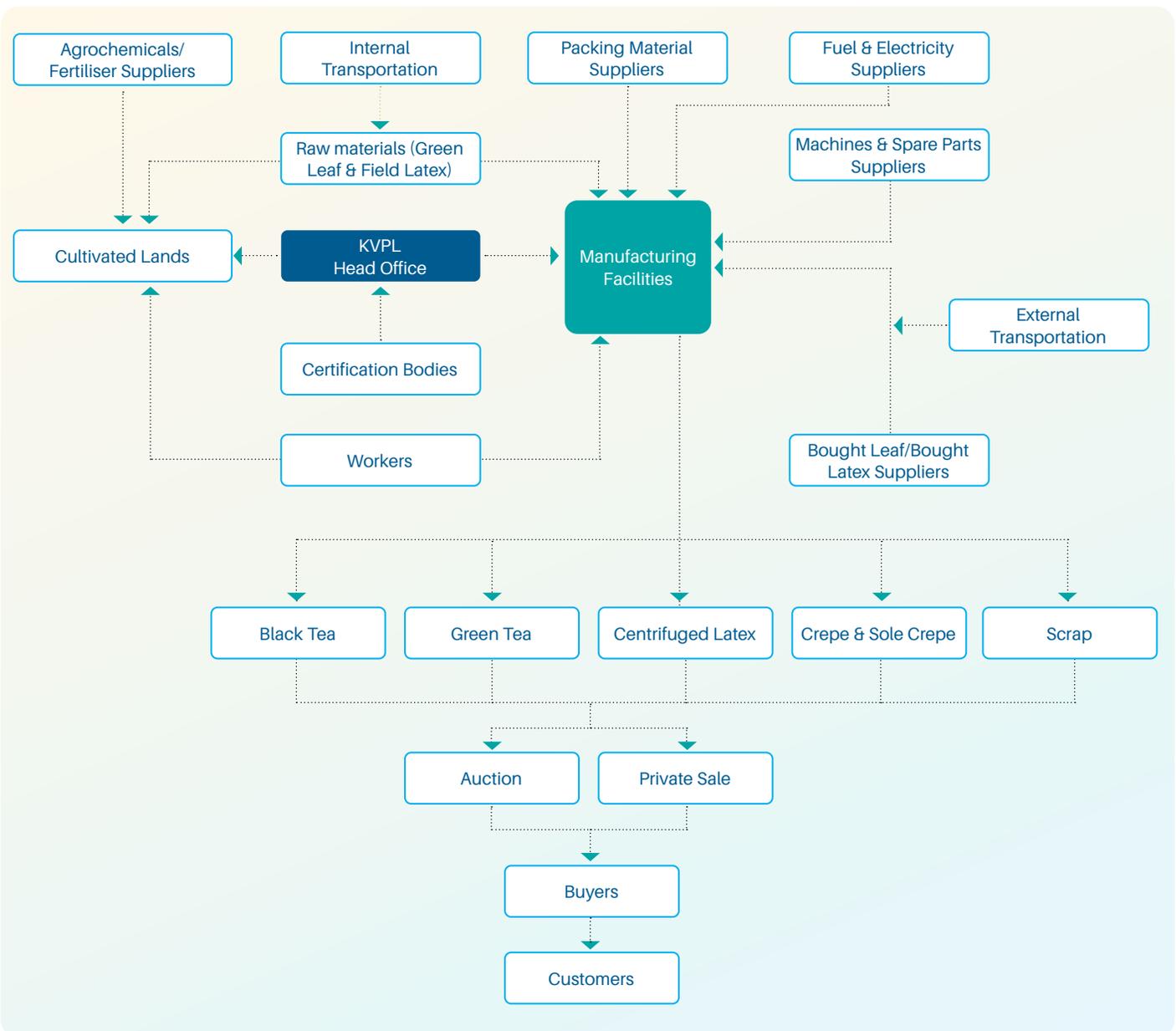
For Tea, KVPL adheres to the labelling requirements specified by the Ceylon Tea Traders Association (CTTA) and the Ceylon Tea Board, the details stenciled onto each package include the following :

- Garden Mark
- Invoice No
- Net Weight
- Gross Weight
- Serial Number of package
- MF No.
- Grade
- Company Name

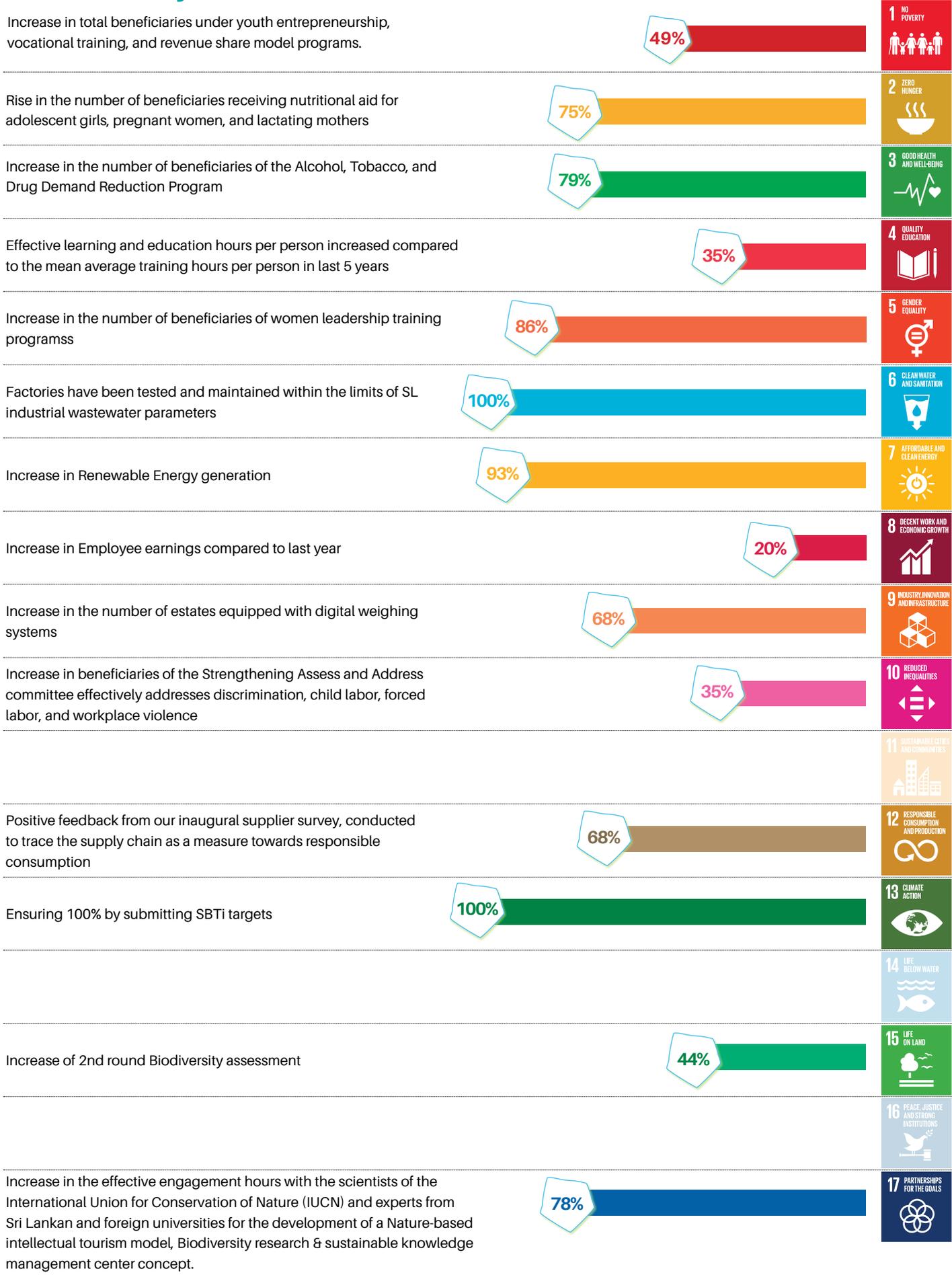
In adherence to stringent regulatory and internal compliance frameworks, there were no reported incidents of non-compliance with laws and regulations related to product labeling during the reporting period. Furthermore, no complaints were received regarding breaches of customer privacy.

Demonstrating our ongoing commitment to data protection, KVPL achieved accreditation to ISO/IEC 27001:2022, the leading international standard for Information Security Management. This certification further reinforces the robustness of our systems and practices in safeguarding customer data and ensuring privacy.

- There were no incidences of non-compliance with product and service information and labelling during the reporting year.
- There were no incidences of non-compliance concerning marketing communications during the reporting year.
- There were no complaints received on breaches of customer privacy or losses to customer data during the year.



# SDG Summary





Goals Not Reported



SDG Full Report

Reached

In Progress

Not yet Implemented

1.1 1.2 1.3 1.4 1.5 1.a 1.b

2.1 2.2 2.3 2.4 2.5 2.a 2.b 2.c

3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.a 3.b 3.c 3.d

4.1 4.2 4.3 4.4 4.5 4.6 4.7 4.a 4.b 4.c

5.1 5.2 5.3 5.4 5.5 5.6 5.a 5.b 5.c

6.1 6.2 6.3 6.4 6.5 6.6 6.a 6.b

7.1 7.2 7.3 7.a 7.b

8.1 8.2 8.3 8.4 8.5 8.6 8.7 8.8 8.9 8.a 8.b

9.1 9.2 9.3 9.4 9.5 9.a 9.b 9.c

10.1 10.2 10.3 10.4 10.5 10.6 10.7 10.a 10.b 10.c

11.1 11.2 11.3 11.4 11.5 11.6 11.7 11.a 11.b 11.c

12.1 12.2 12.3 12.4 12.5 12.6 12.7 12.8 12.a 12.b 12.c

13.1 13.2 13.3 13.a 13.b

14.1 14.2 14.3 14.4 14.5 14.6 14.7 14.a 14.b 14.c

15.1 15.2 15.3 15.4 15.5 15.6 15.7 15.8 15.9 15.a 15.b 15.c

16.1 16.2 16.3 16.4 16.5 16.6 16.7 16.8 16.9 16.a 16.b

17.1 17.2 17.3 17.4 17.5 17.6 17.7 17.8 17.9 17.10 17.11 17.12 17.13 17.14 17.15 17.16 17.17 17.18 17.19





### Global Economy

According to the International Monetary Fund's (IMF) *World Economic Outlook* (WEO) published in January 2025, the global economy is projected to grow by 3.3% in both 2025 and 2026. This remains below the historical average of 3.7% recorded between 2000 and 2019. The latest forecast (in January) shows minimal change from the previous estimates released in October 2024. However, the broader global outlook has since then become increasingly uncertain.

According to the Federal Reserve's latest economic projections released in March 2025, US economic growth is expected to decelerate from 2.5% in 2024 to 1.7% in 2025, reflecting the anticipated impact of new US tariff measures and retaliatory trade actions. Countries with strong trade linkages to the US are likely to face headwinds from rising costs and declining export competitiveness.

In the Eurozone, while the direct impact of tariffs may be limited, geopolitical tensions and policy uncertainty could hinder growth prospects. The economic outlook estimates a moderate recovery although at a slower pace than forecasted in October due to geopolitical tensions that are dampening sentiment in the region. Growth is estimated to be 1% in 2025 and 1.4% in 2026 driven by stronger domestic demand, as financial conditions ease, consumer and business confidence improve, and political and policy uncertainties reduce.

Meanwhile, China's potential for aggressive fiscal easing may offer temporary support to its economy amid external pressures. GDP growth which was 5.2% in 2023 is estimated (by the IMF) to be 4.8% in 2024; prompting estimates for 2025 and 2026 to be lowered to 4.6% and 4.5% respectively.

The planned withdrawal of the US from key international commitments, including USAID, the WHO, and the Paris Agreement, could also undermine global cooperation on critical issues such as climate change, health, and sustainable development.

Rising tariffs could reverse the recent global disinflation trend, potentially fueling inflationary pressures, especially for tariff-affected goods such as raw materials and industrial commodities. While some economies may see inflation ease due to dampened demand, others may face inflationary spikes due to retaliatory measures, currency depreciation, and supply chain disruptions.

On the energy front, global prices are projected to decline over the next two years, reflecting subdued demand, particularly from China and increased supply from oil-producing nations, including the US.

Amid these shifting dynamics, central banks worldwide are expected to remain cautious. While some may ease interest rates to counter growth slowdowns, others may be forced to tighten policy to manage underlying inflation. The risk of prolonged high interest rates remains a concern, with potential implications for global financial conditions and capital markets.

India's economy is estimated to grow at 6.5% in 2025, maintaining its position as a major driver of global growth at a time when the overall world economy is projected to remain relatively stagnant, according to the United Nations' World Economic Situation and Prospects (WESP) to the IMF estimates the Indian economy to continue on a high growth trajectory with 6.5% growth in GDP in 2025 as well as 2026.

Geopolitical conflicts, escalating trade tensions, and high borrowing costs are identified as potential risks to low-income and vulnerable countries, potentially hampering progress toward achieving economic growth and the Sustainable Development Goals (SDGs) over the next two years. Elevated policy uncertainty in various countries, especially in regions such as Europe and China, according to the IMF could inhibit investments as investors may be hesitant to commit resources, and thus contribute to these downside risks.

## Sri Lankan Economy

The Sri Lankan economy, as per the Central Bank of Sri Lanka (CBSL) “performed better than expected in 2024” as it continued on a path of steady recovery. GDP grew by 5% in 2024, following two years of contraction of 2.3% and 7.3% in 2023 and 2022 respectively. The post crisis reforms had begun to have positive outcomes with signs of improved economic activity, partial recovery in purchasing power and reduced uncertainty. Overall growth was primarily driven by a resurgence in industrial activity, particularly in manufacturing and construction, while the services sector also made a positive contribution, in 2024.

GDP per capita rose to US \$ 4,516 up from US \$ 3,801 in 2023, driven by an increase in nominal GDP alongside a decline in the mid-year population.

Key Indicator	2024	2023	2022	2021	2020
Real GDP Growth %	5	(2.3)	7.8	4.2	(4.6)
<b>Current Account Balance as % of GDP</b>	1.2	1.7	(1.9)	(3.7)	(1.4)
Trade Balance US \$ Bn.	(6.0)	(4.9)	(5.1)	(8.1)	(6.0)
<b>AWPR % end December</b>	8.9	12.4	28.2	8.3	5.7
Inflation % CCPI year-on-year as at year end	(1.7)	4	57.2	12.1	4.2
Exchange Rate Rs: Dollar (Year-end)	292.58	323.92	363.11	200.43	186.41

Source: Central Bank of Sri Lanka, Economic Review 2024

## Inflation

In 2024, Sri Lanka experienced a declining trend in inflation after a brief increase at the start of the year. This was reflected in both the CCPI and NCPI indices, with food and non-food prices falling overall. The decline was driven by subdued demand (due to low disposable income), lower energy and transport costs, and an appreciating Sri Lankan Rupee.

By the end of 2024, year-on-year inflation fell to -1.7% (from 4% in 2023), with average annual inflation dropping to 1.2% (from 17.4%). Another electricity tariff cut in January 2025 deepened deflation in early 2025. However, inflation is expected to return by mid-2025 and stabilize around 5%, aided by rising global food prices, recovering domestic demand, and base effects. A gradual increase in inflation is projected through the second half of 2026.

## Interest Rates

Market interest rates continued to decline in 2024, driven by accommodative monetary policy measures that began in June 2023. Since then, the Central Bank has reduced policy rates by a cumulative 775 basis points, including a 125-basis point reduction during 2024. This includes an effective 50 basis point cut in late November 2024, coinciding with the introduction of the Overnight Policy Rate (OPR), which marked a transition from a dual to a single policy interest rate framework.

In addition to monetary easing, subdued inflation, moderate inflation expectations, and declining risk premia, stemming from the near-finalisation of the debt restructuring process also contributed to the downward trend in market interest rates. While the decline was more pronounced in the first half of 2024, the pace of adjustment temporarily slowed due to a mid-year rise in government securities yields. Nonetheless, both deposit and lending rates continued to moderate towards the end of the year. The Average Weighted Lending Rate (AWLR), which reflects interest rates on all outstanding rupee loans and

advances by licensed commercial banks (LCBs), declined by 2.3 % points in 2024 to reach 11.93% as at year end. Similarly, the Average Weighted New Lending Rate (AWNLR), which captures rates on new Rupee loans and advances granted during the year, fell by 3.6 % points. These declines were moderate compared to the sharper reductions of 4.5 % and 11.8 % points respectively, recorded in 2023.

Despite the notable easing in benchmark lending rates, the maximum interest rates on certain bank loan products remained relatively high, suggesting room for further downward adjustments.

## Exchange Rate

The Sri Lankan Rupee appreciated in 2024, marking the second consecutive year of currency gains. This trend coincided with current account surpluses and a steady net inflow of foreign currency into the domestic foreign exchange market, which bolstered liquidity. The inflows were primarily driven by workers’ remittances, tourism earnings, revenues from other services, and merchandise exports. Meanwhile, outflows related to merchandise imports, service payments, and other current account transactions remained moderate.

Despite its overall upward trajectory, the Sri Lankan Rupee experienced periods of volatility during the year. It ultimately ended 2024 at Rs. 292.58 per USD, reflecting an annual appreciation of 10.7%. Notably, while many major currencies depreciated against the US Dollar during the year, the Sri Lankan Rupee continued to appreciate against US Dollar. Accordingly, in 2024, the Sri Lankan Rupee appreciated against several major currencies, including the Euro (17.8%), the Pound Sterling (12.3%), the Japanese Yen (22.5%), the Chinese Yuan (13.9%), the Indian Rupee (13.9%), and the Australian Dollar (21.7%).

## Agriculture

The Agriculture sector grew by 1.2% at a slightly slower pace than in 2023. The growth was driven by animal production and growing of fruits, while the prolonged contraction in growing of coconut limited the overall expansion. Further, extreme weather conditions, particularly in the fourth quarter of the year, disrupted key

Agriculture activities, including growing of rice and other cereals, and fishing activities, dampening overall growth.

### Tea Sector

Sri Lanka's Tea production increased by 1.7% year on year. Average auction prices at the Colombo Auctions reached the highest ever in US Dollar terms while the National Sales Average in Rupee terms increased by 4.6% to Rs. 1,225.17. Sri Lanka's Tea export earnings from Tea grew by 1.2% over the previous year due to higher volumes.

### Tea Exports

Agricultural export earnings rose in 2024 compared to the previous year, with Tea, Coconut-based products, and spices contributing most significantly to this growth. In particular, Tea export earnings increased due to both higher volumes and improved prices, reflecting sustained global demand for Sri Lankan Tea. However, despite this year-on-year growth, Tea export volumes in 2024 remained well below the pre-pandemic annual average recorded between 2015 and 2019.

### Rubber

Sri Lanka's overall Rubber production increased by 2.2% due to the lessened severity of the Pestalotiopsis (PESTA) Disease which has been impacting the Rubber crop for the past three years, and Rubber prices increased by 26% compared to the previous year. Export earnings from Rubber based exports increased by 7.66 % compared to 2023 supported by increased exports of Industrial and Surgical Gloves of Rubber which increased by more than 23% and Pneumatic & Retreated Rubber Tyres and Tubes which increased by 1.39%.

### Outlook

With the restoration of macroeconomic stability, the Sri Lankan economy, having experienced a significant turn around in 2024, is expected to sustain positive growth momentum over the medium term. Continued economic and political stability, coupled with a low-interest and low-inflation environment, are anticipated to support investor confidence and spur growth toward its full potential. However, rising global geopolitical tensions, particularly the potential impact of proposed U.S. tariffs, pose risks to the external sector and broader economic prospects. These developments underscore the need for continued prudent policymaking and efforts to further strengthen external and fiscal buffers.

Following the 2022 economic crisis, Sri Lanka implemented key stabilization measures, including the IMF's Extended Fund Facility (EFF) and debt restructuring, with many reforms frontloaded. While macroeconomic stability has largely been restored, the Central Bank stresses the need for further structural reforms to ensure long-term growth and shared prosperity.

- Industry is expected to grow due to relaxed import restrictions, better access to inputs, and the revival of donor-funded and private construction projects.
- The Services sector shows strong potential, especially from tourism, while Agriculture is under pressure due to adverse weather, with climate change posing ongoing risks.

### External risks remain significant

- Rising protectionism and U.S. tariff changes threaten Sri Lanka's export sector, especially given its current trade surplus with the U.S.
- A global economic slowdown could impact exports, remittances, and tourism, which are key to recovery.
- Diverging global monetary policies, especially from the U.S. Federal Reserve, may cause financial market volatility in Sri Lanka through changes in capital flows, interest rates, and exchange rates.

A projected drop in global oil prices offers some relief by reducing import costs, supporting the trade balance.

### Group Performance

The Group recorded 8% increase in Revenue during the year, representing the ever highest Revenue achievement in the KVPL Group's history and second highest PBT of the Company. Net Profit of the Group reached Rs. 941 m, underscoring the long-term value of our deep-rooted commitment to sustainable agricultural practices. This robust performance was primarily driven by favourable market conditions in the Tea and Rubber sectors. The Rubber segment contributed positively, supported by both higher production and stronger prices. The "Other" segment, which includes Hydropower and Leisure, contributed marginally to total Revenue.

Tea remained the primary Revenue contributor, accounting for 89% of the Group's total Revenue, while the Rubber sector contributed the remaining 11%.

# KVPL Tea Sector Performance



Scan QR for our:  
Tea Profile



KVPL's Tea sector Revenue increased by 15% during the year, primarily driven by a higher Net Sales Average (NSA), which effectively offsets the marginal decline in crop yields. Revenue contributions within the Tea segment were led by Mabroc (73%) and KVPL (27%).

Gross profit for the Tea sector reached Rs. 758 m while this represents a decline compared to the previous year, it reflects the impact of the 35% wage hike mandated in September 2024. Despite this cost pressure, KVPL maintained strong operational performance.

For the seventh consecutive year, KVPL achieved the second-highest Gross Sales Average (GSA) among Regional Plantation Companies in Sri Lanka, underscoring its continued focus on quality and resilience in the face of rising production costs. The average auction price for KVPL Teas rose by Rs. 79.01 per kilogram, representing a 6% year-on-year increase. KVPL's NSA remained well above elevation averages, High Grown Teas fetched Rs. 118.10 per

kilogram more than the High Grown elevation average, whilst Low Grown fetched Rs. 83.11 per kilogram above the Low Grown elevation average.

During the year, the cost of production per kilogram of Tea increased primarily due to upward revisions in labour costs and additional gratuity provisions, following the 35% wage increase.

KVPL invested Rs. 75 m & Rs. 35 m in renovating our two main Tea factories; Ingestre & Pedro respectively to increase manufacturing capacities to cater to the demand from Mabroc's new market expansion in Poland.

## Mabroc Teas Performance

Our marketing subsidiary, Mabroc Teas, achieved its highest-ever sales volumes in 2024, surpassing last year's performance and contributing to an 8% increase in Revenue to Rs. 13.6 B. This growth was driven by stronger export performance and the expansion of instant tea offerings in the local market.

However, despite the increase in Revenue, both Profit Before Tax and Profit After Tax declined by 23% and 20% respectively. This was mainly due to rising costs of labour, Tea procurement, and overheads.

Mabroc became Sri Lanka's second-largest bulk Tea exporter, up from third position the previous year, while retaining its overall rank as the sixth-largest tea exporter. The Company also maintained its position as the leading exporter of Sri Lankan Tea to China and Taiwan, strengthening its foothold in the rapidly growing Chinese Tea market. Moreover, Mabroc remained the second-largest exporter of Sri Lankan Tea to Japan.

Challenges Faced by Tea Sector	Our Strategic Responses	Progress in 2024
<ul style="list-style-type: none"> <li>➤ High production costs relative to global competitors</li> </ul>	<ul style="list-style-type: none"> <li>➤ Resource optimization through technology and mechanization</li> <li>➤ Ascending the value chain</li> <li>➤ Market expansion</li> <li>➤ Crop Diversification through Agroforestry model</li> <li>➤ Developing new avenue of income generation incorporating a Triple Bottom Line</li> <li>➤ Cost Management measures</li> <li>➤ Adoption of renewable energy</li> <li>➤ Promotion of the Revenue Share Model</li> </ul>	<ul style="list-style-type: none"> <li>➤ Triple Crown of Global Firsts including Biodiversity Conservation and regenagri</li> <li>➤ Agroforestry model at Halgolla identified as a model project on this path</li> <li>➤ Highest number of new product introductions in the Company's history</li> <li>➤ Promoting brand KVPL</li> <li>➤ Mabroc became the 3rd largest distributor to supermarket shelves in Poland and the 2nd highest value-added Tea supplier in Poland</li> <li>➤ A range of products introduced to expand in the local market</li> <li>➤ Marketed a range of specialty Teas for a premium price in select markets based on ESG sustainability</li> <li>➤ Continued with Tea exports from our Kenyan operations launched in 2023</li> <li>➤ Became Sri Lanka's first plantation company to achieve ISO/IEC 27001:2022 Certification</li> <li>➤ Completed installation of roof top solar panels at Ingestre estate</li> <li>➤ Deployed drones for the application of liquid fertilizer across all estates and conducted trial runs for the application of the granular variety</li> <li>➤ Invested in the latest MRL testing machinery to bolster our exports to Japan, China and Taiwan</li> </ul>
<ul style="list-style-type: none"> <li>➤ Retention and attraction of younger generation of workers</li> </ul>	<ul style="list-style-type: none"> <li>➤ Skills training with official certification by NAITA which increases their employability with a universally acceptable certificate and enables us to recruit at Officer level</li> <li>➤ Mechanization and automation</li> <li>➤ Progress towards the adoption of artificial intelligence</li> <li>➤ Increase the appeal amongst youth through transformation of culture</li> <li>➤ Women empowerment</li> <li>➤ Enabling and empowering estate communities to earn supplementary income</li> </ul>	<ul style="list-style-type: none"> <li>➤ 14 students passed out with NAITA qualification in 2024. In additions, 12 Students from the "Agri School of Angunukolapalassa" joined KVPL's "field training programme"</li> <li>➤ Focus on DEI and the promotion of first woman at supervisor level</li> <li>➤ Buy Back of weeds</li> </ul>
<ul style="list-style-type: none"> <li>➤ Declining land productivity</li> </ul>	<ul style="list-style-type: none"> <li>➤ Agroforestry model</li> <li>➤ The Revenue Share model</li> </ul>	<ul style="list-style-type: none"> <li>➤ Halgolla estate was selected as pilot project for Agroforestry and began tyo harvest Coffee and Kitul under this concept</li> <li>➤ Active promotion of the Revenue Share Model</li> <li>➤ Multi Cropping such as planting of Coffee which is expected to contribute to Revenue by 2030</li> </ul>

Significant progress was made in the Company's strategic initiatives on geographic diversification and market expansion, which began the previous year. Building on the strategic partnership formed to access Poland and other European markets, Mabroc became the third-largest distributor to supermarket shelves in Poland and the second-largest brand in the value-added Tea segment in Poland.

Following initial inroads into trading operations in Kenya last year, the Company opened an office in Mombasa, Kenya's key port city. Since dispatching its first Tea consignment in January 2024, Mabroc has continued to market bulk Teas across several East African countries.

Our in-house R&D and Marketing teams remain a core pillar of Mabroc's innovation capacity, supporting efforts to add value and increase the share of value-added exports a strategic priority for the near to medium term. A key focus of our R&D for Tea this year has been the development and implementation of low-residue, chemical-free field practices to meet stringent Japanese and European MRL (Maximum Residue Levels) standards ensuring both compliance and consumer trust. Importantly, Mabroc invested in upgrading its fully equipped laboratory, acquiring state-of-the-art equipment to strengthen its testing capabilities, especially for MRL in Tea. This upgrade ensures compliance with the stringent export standards of key markets such as China, Japan, and Taiwan.

## Outlook

Global demand for Tea and Rubber is expected to remain steady, with Tea output projected to grow at a compound annual growth rate (CAGR) of 5.72% from 2025 to 2030. Sri Lanka is well-positioned to benefit, particularly from the growing Tea demand in India and China. Mabroc, a KVPL subsidiary, leads Sri Lankan Tea exports to China and plans to expand value-added exports in Kenya.

Iran shows renewed potential through a "Tea for Oil" agreement, while geopolitical tensions in the Middle East and the Russia-Ukraine war continue to pose challenges for exports. Türkiye's Tea imports may stagnate due to its economic slowdown.

New U.S. tariffs of up to 44% created uncertainty in global trade and may modestly affect Sri Lankan Rubber exports. However, ongoing government negotiations may help secure more favorable trade terms.

On the supply side, a global Tea shortfall has resulted from significant declines in production in Bangladesh and North India, though Sri Lanka's orthodox Tea segment is not expected to be affected. Overall, Sri Lanka's Tea industry is strategically positioned to take advantage of favorable market conditions and regional opportunities.

Plantation agriculture continues to face numerous challenges, including rising production costs and the outmigration of plantation labour. In response, KVPL over the decades has proactively pursued strategic solutions grounded in a forward-looking, ESG-driven mindset. We have adopted several strategic initiatives some which have been initiated decades ago and are ongoing. A snap shot of these key concerns and our responses are provided in the table above whilst they are discussed in more detail in the MD's Review and the Capitals section of this report.

We will look to build on the progress made in multi cropping and selectively diversifying into high-potential export-oriented agricultural crops such as Cinnamon, Coffee, Pepper, and Coconut. We also aim to build on the success of our initial drone deployment by integrating drone-captured data with mobile applications, enabling real-time monitoring and more agile decision-making.



## KVPL Rubber Sector Performance

In line with the country's Rubber production, KVPL's Rubber crop output also increased by 11% whilst prices also rose by 26% compared to the previous year above the industry average prices. The prices for Crepe and RSS Rubber both continued to rise as the year progressed, following both Crepe 1X and RSS 1 closed at Rs.919.44 and Rs. 714.45 at year end. The other grades showed a similar pattern.

KVPL's Rubber production improved on the back of reduced severity of the PESTA disease which contributed significantly to production losses over the past few years. The use of rain guards also helped improve the number of tappable days and output, contributing to the increase in output; whilst average prices fetched by KVPL also increased by 23% in 2024/25.

KVPL is in the process of research into develop a Food-Grade Natural Rubber in response to a demand from several industries.

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



Scan QR for our:  
Rubber Profile

Challenges Faced by Rubber Plantations	Our Strategic Responses	Progress in 2024
Increasing cost of production	<ul style="list-style-type: none"> <li>Ascending the value chain</li> <li>Increasing the use of technology across the value chain</li> <li>Adoption of renewable energy for Triple Bottom Line impacts</li> </ul>	<ul style="list-style-type: none"> <li>R &amp; D into Food Grade Rubber for the Food industry</li> <li>Completed the installation of Solar panels at Panawatte Rubber factory</li> </ul>
Declining crop productivity	<ul style="list-style-type: none"> <li>Introduce multi cropping and crop diversification</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from direct exports of Rubber increased by 13% to US\$ 980,033</li> </ul>
Decrease in production due to adverse weather	<ul style="list-style-type: none"> <li>Introduction of Rain Guards</li> </ul>	<ul style="list-style-type: none"> <li>Expanded the use of Rain Guards and increase the no. of tapping days</li> </ul>
The fungal disease- Pestalotiopsis continues to impact Rubber crop with no remedy	<ul style="list-style-type: none"> <li>Response hinges on industry, the Rubber Research Institute (RRI) R&amp;D and a concerted effort to develop a treatment</li> </ul>	<ul style="list-style-type: none"> <li>Several chemical mixtures were tested, but results were not up to the expectations</li> </ul>
Declining global demand and prices	<ul style="list-style-type: none"> <li>Continue to ascend the value chain for direct exports</li> </ul>	

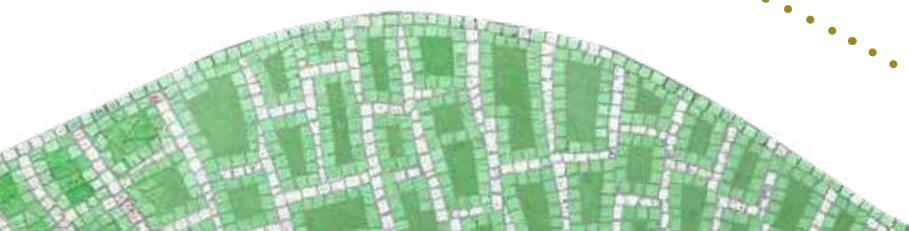
### Outlook

In addition to the cultivation of other crops which would improve the productivity of resources, KVPL also intends to accelerate its expansion in direct export markets, building on a decade of successful international engagement. Globally recognized certifications for environmental and social responsibility such as FSC, GOSL, and Fair Rubber strengthen our value proposition as sustainability becomes a core consideration for premium buyers. Our ability to supply EUDR compliant Rubber will be a definite advantage over suppliers of other origins. KVPL's established reputation for quality, timeliness, and reliability, combined with its leadership in sustainable practices, positions the Company well for further growth in both domestic and international natural Rubber markets.

# New Paths, Shared Purpose



From renewable energy to intellectual tourism, we are building a dynamic, future-focused portfolio that goes beyond the traditional. Guided by ethical growth and stakeholder collaboration, we are cultivating diverse ventures with lasting impact.



# Six Capitals Value Creation

## "Sowing Sustainability, Harvesting Value"

At Kelani Valley Plantations PLC, we believe value creation is a shared journey rooted in nature, powered by people, and guided by purpose. Our integrated business model harnesses six interdependent capitals to deliver sustainable growth while nurturing our environment, empowering communities, and innovating for the future.

### Social and Relationship Capital

*'Rooted in trust, growing with community'*

Partnerships with local communities, internal & external stakeholders, fair trade networks, and global certifiers strengthen our social fabric. Our ethical business practices and inclusive development programs foster mutual respect and shared prosperity.



### Financial Capital

*'Strengthening our roots through responsible growth'*

We manage our financial capital with foresight and discipline, ensuring long-term profitability while reinvesting in sustainable practices. Every rupee earned supports our mission to create lasting value for stakeholders from shareholders to estate communities.



## Natural Capital

*'Guardians of the green legacy'*

Partnerships with local communities, internal & external stakeholders, fair trade networks, and global certifiers strengthen our social fabric. Our ethical business practices and inclusive development programs foster mutual respect and shared prosperity.

## Human Capital

*'People are the heart of our plantations'*

We invest in the well-being, skills, and empowerment of our workforce from harvesters to professionals. With inclusive policies, leadership development, skills & competency empowerment and community support, we grow people as we grow produce.

## Intellectual Capital

*'Innovation is the new culture in our DNA'*

Through research, intellectual collaborations with local & global partners, digital transformation, and sustainable agricultural practices, we continuously enhance productivity and resilience. Our knowledge base helps us adapt to climate change, optimize yields, expanding marketing horizons and lead the way in ethical and responsible Agribusiness management in plantations.

## Manufactured Capital

*'Modernizing tradition, one leaf at a time'*

Our commitment to upgrading infrastructure and adopting efficient production systems enhances the quality and scalability of our operations. From eco-friendly to state-of-the-art processing centers, we blend heritage with innovation.

In our mosaic of diversity, financial capital is the unifying thread enabling investment across varied pursuits and sustaining growth through disciplined stewardship.

# Financial Capital

This section provides valuable insights into the key drivers of growth, financial stability, and strategic outcomes that underpin KVPL's financial performance for the year 2024/25.

Our Financial Capital comprises the monetary resources we deploy to generate value and ensure stability through our core business activities. Effective and efficient Financial Capital management is fundamental to our strategy for creating sustainable value for our stakeholders



## Highlights of the year

**2.3 Bn**  
Short - term investments  
(Increase by 34%)

**8.2 Bn**  
Retained Earnings  
(Increase by 10%)

**21%**  
Gearing  
(Remained same)

**Rs. 82.20**  
Share Price - per share  
(Highest since March 2020)

A snapshot of key financial indicators is provided below.

		2024/25	2023/24	Change	Movement during Last 5 years	Key Impacts
<b>Liquidity ratios</b>						
Demonstrates our ability to repay both short- and long-term obligations	Current ratio (times)	2.05	2.06	(0.01)		<ul style="list-style-type: none"> <li>↗ Increase in Short-term investments</li> </ul>
	Acid-test ratio (times)	1.52	1.42	0.10		<ul style="list-style-type: none"> <li>↗ Increase in Short-term investments</li> <li>↘ Decrease in inventory</li> </ul>

	2024/25	2023/24	Change	Movement during Last 5 years	Key Impacts
Cash ratio (times)	0.74	0.64	0.10		➤ Increase in Short-term investments
Operating cash flow ratio (times)	0.39	0.51	(0.11)		➤ Reduction in Profits

**Leverage Ratios**

Conveys our debt levels	Gearing (%)	21	20	1		➤ Increase in Lease liability, Short-term interest-bearing borrowings and Revenue reserves
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		2024/25	2023/24	Change	Movement during Last 5 years	Key Impacts												
	Interest coverage ratio (times)	3.33	3.72	(0.39)	<table border="1"> <caption>Interest coverage ratio (times)</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>2.9</td> </tr> <tr> <td>21/22</td> <td>2.5</td> </tr> <tr> <td>22/23</td> <td>3.9</td> </tr> <tr> <td>23/24</td> <td>3.7</td> </tr> <tr> <td>24/25</td> <td>3.3</td> </tr> </tbody> </table>	Year	Value	20/21	2.9	21/22	2.5	22/23	3.9	23/24	3.7	24/25	3.3	➤ Reduction in operating profit due to wage increase
Year	Value																	
20/21	2.9																	
21/22	2.5																	
22/23	3.9																	
23/24	3.7																	
24/25	3.3																	

Efficiency ratios

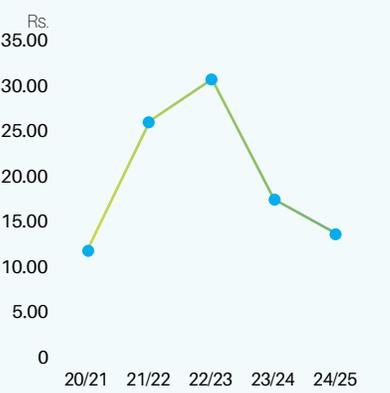
Indicates how well we have utilized our assets and resources	Asset turnover ratio (times)	1.37	1.36	0.01	<table border="1"> <caption>Asset turnover ratio (times)</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>1.18</td> </tr> <tr> <td>21/22</td> <td>1.12</td> </tr> <tr> <td>22/23</td> <td>1.52</td> </tr> <tr> <td>23/24</td> <td>1.35</td> </tr> <tr> <td>24/25</td> <td>1.35</td> </tr> </tbody> </table>	Year	Value	20/21	1.18	21/22	1.12	22/23	1.52	23/24	1.35	24/25	1.35	➤ Growth in Revenue
	Year	Value																
20/21	1.18																	
21/22	1.12																	
22/23	1.52																	
23/24	1.35																	
24/25	1.35																	
Inventory turnover ratio (times)	9.72	7.70	2.02	<table border="1"> <caption>Inventory turnover ratio (times)</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>8.2</td> </tr> <tr> <td>21/22</td> <td>6.8</td> </tr> <tr> <td>22/23</td> <td>8.0</td> </tr> <tr> <td>23/24</td> <td>7.8</td> </tr> <tr> <td>24/25</td> <td>9.8</td> </tr> </tbody> </table>	Year	Value	20/21	8.2	21/22	6.8	22/23	8.0	23/24	7.8	24/25	9.8	➤ Increase in Cost of Sales	
Year	Value																	
20/21	8.2																	
21/22	6.8																	
22/23	8.0																	
23/24	7.8																	
24/25	9.8																	

	2024/25	2023/24	Change	Movement during Last 5 years	Key Impacts
Receivables turnover ratio (Times)	11.78	11.01	0.77	<p>Times</p>	↗ Growth in Credit Sales
Days sales in inventory ratio (Days)	37.55	47.42	(9.87)	<p>Days</p>	↗ Increase in Cost of Sales

**Profitability Ratios**

Reflects our ability to generate income relative to revenue, assets and equity	Gross profit margin ratio (%)	12.38	15.24	(2.86)	<p>%</p>	↗ Increase in Cost of Sales due to wage increase
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	2024/25	2023/24	Change	Movement during Last 5 years	Key Impacts												
Operating profit margin ratio (%)	6.71	9.42	(2.71)	<table border="1"> <caption>Operating profit margin ratio (%) - Last 5 years</caption> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>10.00</td> </tr> <tr> <td>21/22</td> <td>13.00</td> </tr> <tr> <td>22/23</td> <td>13.50</td> </tr> <tr> <td>23/24</td> <td>9.50</td> </tr> <tr> <td>24/25</td> <td>6.71</td> </tr> </tbody> </table>	Year	Value (%)	20/21	10.00	21/22	13.00	22/23	13.50	23/24	9.50	24/25	6.71	↗ Increase in Cost of Sales due to wage increase
Year	Value (%)																
20/21	10.00																
21/22	13.00																
22/23	13.50																
23/24	9.50																
24/25	6.71																
Return on assets ratio (ROA) (%)	5.70	7.83	(2.13)	<table border="1"> <caption>Return on assets ratio (ROA) (%) - Last 5 years</caption> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>7.50</td> </tr> <tr> <td>21/22</td> <td>14.00</td> </tr> <tr> <td>22/23</td> <td>14.50</td> </tr> <tr> <td>23/24</td> <td>8.00</td> </tr> <tr> <td>24/25</td> <td>5.70</td> </tr> </tbody> </table>	Year	Value (%)	20/21	7.50	21/22	14.00	22/23	14.50	23/24	8.00	24/25	5.70	↗ Due to drop in profitability and Growth in Assets
Year	Value (%)																
20/21	7.50																
21/22	14.00																
22/23	14.50																
23/24	8.00																
24/25	5.70																
ROCE (%)	13.33	19.07	(5.74)	<table border="1"> <caption>Return on Capital Employed (ROCE) (%) - Last 5 years</caption> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>16.00</td> </tr> <tr> <td>21/22</td> <td>19.00</td> </tr> <tr> <td>22/23</td> <td>30.00</td> </tr> <tr> <td>23/24</td> <td>19.00</td> </tr> <tr> <td>24/25</td> <td>13.33</td> </tr> </tbody> </table>	Year	Value (%)	20/21	16.00	21/22	19.00	22/23	30.00	23/24	19.00	24/25	13.33	↗ Drop in profits
Year	Value (%)																
20/21	16.00																
21/22	19.00																
22/23	30.00																
23/24	19.00																
24/25	13.33																
ROE (%)	10.98	15.04	(4.06)	<table border="1"> <caption>Return on Equity (ROE) (%) - Last 5 years</caption> <thead> <tr> <th>Year</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>19.00</td> </tr> <tr> <td>21/22</td> <td>30.00</td> </tr> <tr> <td>22/23</td> <td>29.00</td> </tr> <tr> <td>23/24</td> <td>15.00</td> </tr> <tr> <td>24/25</td> <td>10.98</td> </tr> </tbody> </table>	Year	Value (%)	20/21	19.00	21/22	30.00	22/23	29.00	23/24	15.00	24/25	10.98	
Year	Value (%)																
20/21	19.00																
21/22	30.00																
22/23	29.00																
23/24	15.00																
24/25	10.98																

	2024/25	2023/24	Change	Movement during Last 5 years	Key Impacts
<b>Market value/Share based ratios</b>					
Is Utilised to assess the Company's share price	Dividends (per Share) - Rs.	2.60	3.75	(1.15)	 <p>Rs. 12 10 8 6 4 2 0</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>➤ Resulting from drop in profitability</p>
	Earnings (per Share) - Rs.	13.42	17.26	(3.84)	 <p>Rs. 35.00 30.00 25.00 20.00 15.00 10.00 5.00 0</p> <p>20/21 21/22 22/23 23/24 24/25</p>
	Price-Earnings (Times)	6.12	4.29	1.83	 <p>Times 7.00 6.00 5.00 4.00 3.00 2.00 1.00 0</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>➤ Drop in EPS and increase in Share Price</p>
	Net Assets (per Share) - Rs.	126.16	115.65	10.51	 <p>Rs. 140 120 100 80 60 40 20 0</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>➤ Owing to an increase in Reserves</p>



**Vidura Weerabahu**  
Director - Finance



*At KVPL, robust financial management is the backbone of our transformation into a future-fit, sustainable agri-business. By aligning our financial strategies with diversification and regenerative growth, we are securing long-term value for both our stakeholders as well as to the nation.*



**Risks & responses relating to Financial Capital**

Risk	Mitigatory actions
Changes in taxes	Effective tax planning.
Reduction in interest rates on Investments	Diversification of investments in to Treasury bills/Wealth funds and FDs.
	Cash flows are monitored daily to maximize investments.

## Achievements

KVPL's strong commitment to compliance, along with its timely and accurate reporting processes, continues to earn prominent recognition both locally and internationally. Most recently, the Company was honored with the Gold Award for the fourth consecutive year in the Plantation Sector category at the TAGS Awards 2024, organized by CA Sri Lanka, for its 2023/24 Annual Report. Additionally, KVPL received Bronze Awards at the SAFA Best Presented Annual Report Awards 2024, held in Sri Lanka, further affirming the Company's dedication to transparency and excellence in corporate reporting.

**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.



## Group Financial Performance

GRI 102-7

	2024/25 Rs. m	2023/24 Rs. m	Impact Rs. m	Movement during last 5 years	Key impacts
Revenue	21,641	19,968	1,673	<p><b>Group Turnover</b></p> <p>The Company recorded a 8% increase in Revenue, primarily driven by improved Net Sale Averages (NSA) for both Tea and Rubber. Tea NSA rose by 9%, while rubber NSA recorded a notable 23% increase. Additionally, Mabroc Teas made a significant contribution to the Group's Revenue, achieving a 22% growth in tea Revenue, further strengthening overall performance.</p>	<p>Upward movement in prices for both Tea and Rubber.</p> <p>Increase in quantities of both Tea sold by Mabroc and Rubber sold by KVPL, as a result of increased output due to the reduced severity of PESTA leaf disease.</p>
Cost of Sales	18,962	16,925	2,037	<p><b>Cost of Sales</b></p> <p>The increase in cost of sales was primarily driven by the 35% wage increase implemented in the second quarter of 2024/25, along with its corresponding impact on gratuity provisions. Despite this significant cost pressure, cost of sales rose by only 12%, compared to a 8% growth in revenue, indicating effective cost management and operational efficiency across the Company's operations. This performance reflects KVPL's ability to absorb cost increases while maintaining healthy margins.</p>	<p>Labour cost and gratuity provisions increased due an upward wage revision in September 2024.</p>

	2024/25 Rs. m	2023/24 Rs. m	Impact Rs. m	Movement during last 5 years	Key impacts
Other Income	308	214	95	<p><b>Other Income</b></p> <p>Rs. m</p> <p>400 300 200 100 0</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>44%</p> <p>Gain on change in fair value of biological assets increased by Rs. 72 m during the year.</p>	Despite a reduction of dividends from Mabroc Teas (Pvt) Ltd, the Group able to increase other income due to gains from the change in fair value of biological assets and income from its renewable energy (Hydro & Solar) operations.
Admin Cost	1,430	1,216	214	<p><b>Administrative Cost</b></p> <p>Rs. m</p> <p>1,600 1,400 1,200 1,000 800 600 400 200 0</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>18%</p>	Increase in payroll related cost, depreciation and parent company cost allocations.
Finance Income	358	466	(108)	<p><b>Finance Income</b></p> <p>Rs. m</p> <p>1,000 900 800 700 600 500 400 300 200 100 0</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>23%</p> <p>A 23% decline in Finance income was offset by a 25% reduction in Finance costs.</p>	Decrease in interest rates on Treasury Bills and Fixed Deposits.

	2024/25 Rs. m	2023/24 Rs. m	Impact Rs. m	Movement during last 5 years	Key impacts
Finance Expenses	287	384	(96)	<p><b>Finance Cost</b></p> <p>Rs. m</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>25%</p>	As a result of a reduction in interest rates on Overdraft and better management of Working Capital with the surplus cash flows.
Interest on Government Lease	149	122	27	<p><b>Interst on Government lease</b></p> <p>Rs. m</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>22%</p>	Government lease rental revision based on GDP deflator resulted in a significant 17.5% increase.
Tax expense	439	667	(228)	<p><b>Tax expense</b></p> <p>Rs. m</p> <p>20/21 21/22 22/23 23/24 24/25</p> <p>34%</p>	Due to the reduction in PBT from 1.8 B to 1.3 B.

	2024/25 Rs. m	2023/24 Rs. m	Impact Rs. m	Movement during last 5 years	Key impacts												
Working capital	3,725	3,431	294	<p>Increased working capital shows companies' ability to meet its commitments and healthy liquidity position.</p> <table border="1"> <caption>Working Capital (Rs. m)</caption> <thead> <tr> <th>Year</th> <th>Working Capital (Rs. m)</th> </tr> </thead> <tbody> <tr> <td>20/21</td> <td>200</td> </tr> <tr> <td>21/22</td> <td>1,500</td> </tr> <tr> <td>22/23</td> <td>2,700</td> </tr> <tr> <td>23/24</td> <td>3,400</td> </tr> <tr> <td>24/25</td> <td>3,725</td> </tr> </tbody> </table>	Year	Working Capital (Rs. m)	20/21	200	21/22	1,500	22/23	2,700	23/24	3,400	24/25	3,725	Increase in Short-term investments
Year	Working Capital (Rs. m)																
20/21	200																
21/22	1,500																
22/23	2,700																
23/24	3,400																
24/25	3,725																

## Financial Position at a Glance

GRI 201-4

Rs. m	2024/25	2023/24	Change	Key impacts
<b>Non-Current Assets</b>				
Freehold Property, Plant & Equipment	3,127	2,807	320	Additions to the Freehold Property, Plant and Equipment (PPE) during the year. Details are provided in the Manufactured Capital section.
Improvements to leasehold property	4,233	3,992	241	KVPL's investment (Net of Depreciation) in replanting of Rubber, Coffee, Cinnamon, Coconut and other export crops increased. Details are given in the Manufactured Capital report.
Biological assets (Consumables)	353	271	81	New planting of consumable biological assets and fair value gain in Timber Plantations.
<b>Current Assets</b>				
Inventories	1,863	2,039	(176)	Controlled & managed purchase of input materials, spares & consumable stocks and reduction of prices.
Trade and other receivables	2,662	2,408	254	Increase in trade receivables in Mabroc due to improved sales.
ST deposits, cash in hand and bank	2,620	2,078	542	Increase in short term investments by KVPL, Mabroc & KPC

Rs. m	2024/25	2023/24	Change	Key impacts
<b>Equity and liabilities</b>				
<b>Non-Current liabilities</b>				
Deferred income	621	655	(34)	Increase in grant received over the Amortisation for the year (subsidy for Replanting, rain guarding and other capital assets) by KVPL.
Deferred tax liability	1,181	1,103	78	Increase in tax effect from temporary difference of retirement benefit obligations due to wage revision and increase in tax effect from temporary difference of lease liability.
Retirement benefit obligations	1,440	1,264	176	An upward revision of the daily wage rate in Spetember, 2024 mainly impacted KVPL.
Long-term liability to make lease payment	1,042	855	187	Increase due to re-assessment.
<b>Current Liabilities</b>				
Trade and other payables	2,078	1,757	321	Increased in trade payables of both KVPL & Mabroc and increase in other payables of KVPL.
Amounts due to other related companies	111	130	(19)	Decrease in related party balances of KVPL.
Income tax payable	99	263	(164)	Reduction in PBT and increase in quarterly tax payments.
Short-term interest-bearing borrowings	1,198	1,021	177	Increase in short-term borrowings by Mabroc.
Bank overdraft	0.001	0.2	(0.199)	Stable performance of the group and better cash management.

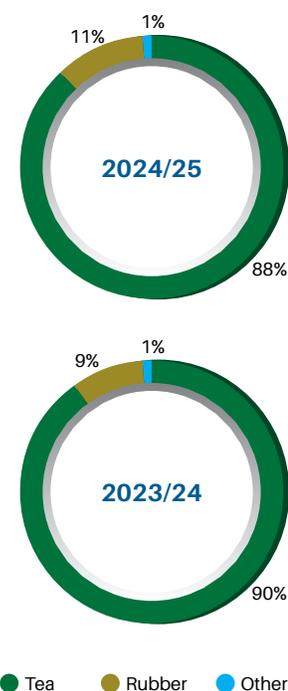
## Segmental Analysis

### 1. Turnover

Tea and Rubber turnover increased by 6% and 36%, respectively, during the year. Tea revenue was primarily impacted by higher prices, while rubber revenue saw growth due to both higher prices and increased production. As usual, the Tea sector remained the main contributor to the Group's turnover, accounting for 89% of total revenue, while Rubber contributed 11%. The remaining portion of Group revenue is derived from the hydro power sector.

KVPL contributed 27% to the Tea segment whilst the remaining 73% came from our fully owned marketing subsidiary Mabroc. Mabroc maintained sustainable export market share to support group Revenue growth.

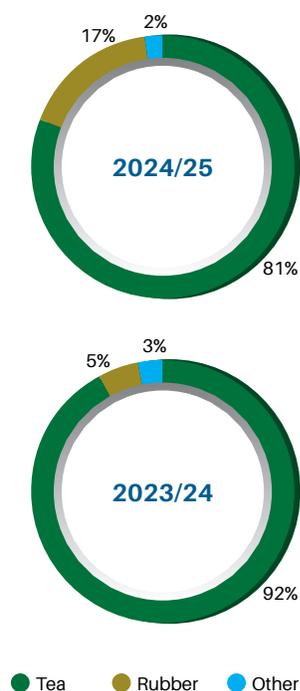
KVPL tea comprises 80% from Western high grown and 20 % from Low grown teas. Total contribution of Rubber generated through KVPL.



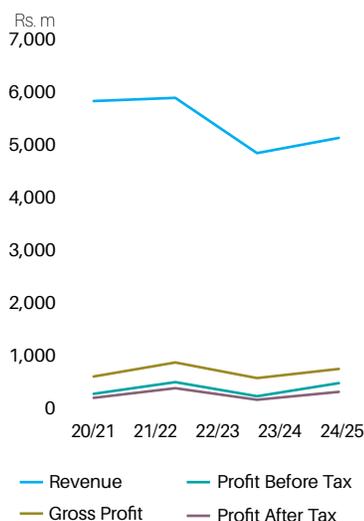
## 2. Gross Profit

The tea sector accounts for 81% of the Group's overall gross profit, with contributions from KVPL and Mabroc representing 35% and 65% respectively. The Rubber and Other segments account for 17% and 2% of the Group's gross profit, respectively.

- The entire Gross profit from the Rubber segment is contributed by KVPL
- The Gross profit of the other segment is derived from the Hydro-Power and Leisure sectors.



### Quarterly Performance - 2024/25



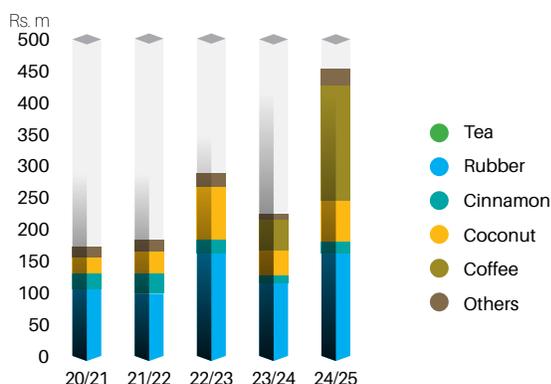
## 3. Capital Expenditure on Field developments

The Total Capital Expenditure on field development for the current & previous year are as follows;

Crop Type	Tea	Rubber	Coffee	Cinnamon	Coconut	Others	Total
2024/25 (Rs. m)	-	162	181	19	65	25	452
2023/24 (Rs. m)	-	113	48	11	41	09	222
Change	-	43%	278%	69%	59%	178%	104%

During the year under review, maintenance and upkeep activities increased in the Rubber, Cinnamon, Coconut, Cloves, Cardamom, and Agarwood plantations. The expenditure on Coffee planting was aimed at strengthening the Company's diversification strategy, with a primary focus on a Coffee-oriented export Agro-crop portfolio.

### Replanting Expenditure by Segment



## Performance Measurement

### Quarterly Performance

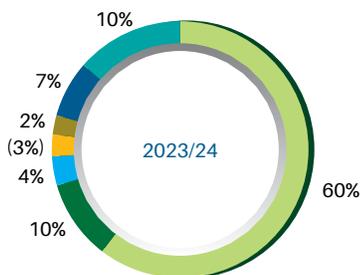
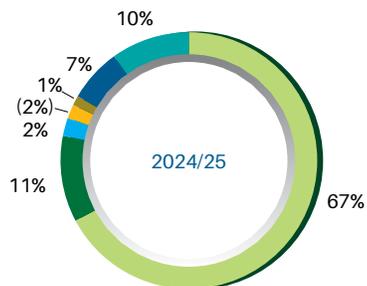
Tabulated below is the quarterly performance of the Group. The Revenue was more or less equally distributed throughout the year. The highest Gross Profit/PBT & PAT was recorded in the last quarter.

(Rs. m)	Q1	Q2	Q3	Q4	Total
Revenue	5,838	5,901	4,799	5,103	21,641
Gross Profit	558	871	521	728	2,678
Administration expense	(341)	(369)	(337)	(383)	(1,430)
Profit Before Tax	231	498	179	473	1,381
Profit After Tax	154	382	110	296	942
Profit/(loss) attributable to equity holders	142	371	106	294	913
<b>Total Assets</b>	16,286	16,202	16,251	16,521	16,521
<b>Total Equity</b>	8,089	8,217	8,324	8,676	8,676

# Statement of Value Addition and Distribution 2024/25

GRI 201-1

For the year/period ended 31 March	Group				Company			
	2024/25 Rs. m	%	2023/24 Rs. m	%	2024/25 Rs. m	%	2023/24 Rs. m	%
Revenue	8,102		7,432		21,641		19,968	
Other Income	362		336		308		214	
	8,464		7,768		21,949		20,182	
(-) Cost of Material and services obtained	(2,465)		(2,321)		(14,498)		(13,631)	
<b>Value addition</b>	<b>5,999</b>		<b>5,447</b>		<b>7,451</b>		<b>6,551</b>	
Vale created shared with								
Employees	4,666	77.8	3,882	71.3	5,191	69.7	4,185	63.9
Government of Sri Lanka	380	6.3	393	7.2	839	11.3	698	10.7
Share holders	177	2.9	255	4.7	177	2.4	255	3.9
Lenders of Capital	(194)	(3.2)	(268)	(4.9)	(136)	(1.8)	(189)	(2.9)
Deferred tax impact	82	1.4	159	2.9	94	1.3	168	2.6
Value Retained for expansion & Growth								
Depreciation	397	6.6	381	7.0	521	7.0	494	7.5
Profit/ (Loss)	491	8.2	644	11.8	765	10.3	940	14.3
	5,999	100	5,447	100	7,451	100	6,551	100



- Employees
- Government of Sri Lanka
- Share holders
- Lenders of Capital
- Deferred tax impact
- Depreciation
- Profit/ (Loss)

“  
From field to factory, our diverse physical assets form the operational mosaic that powers productivity, innovation, and value creation.  
”

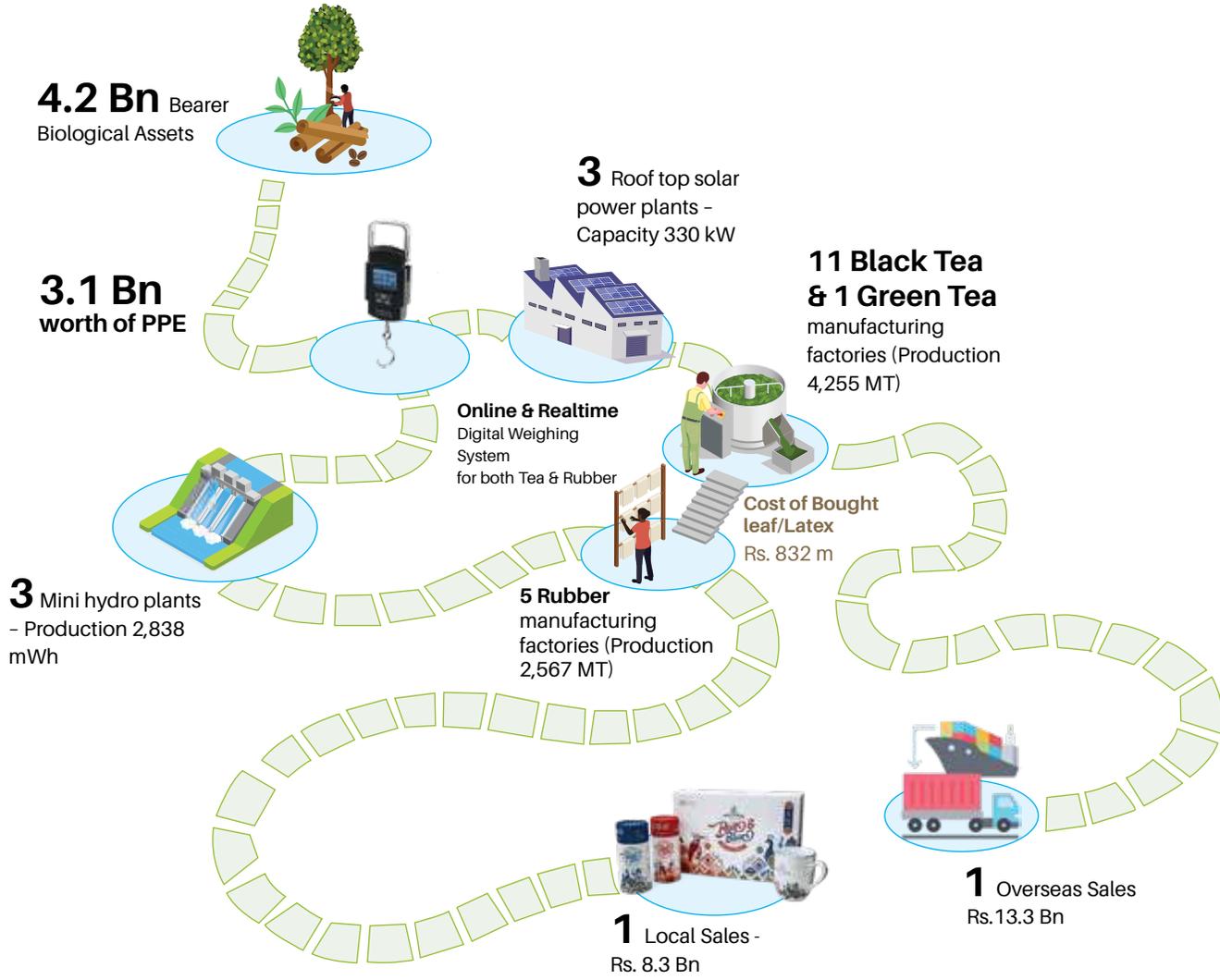
# Manufactured Capital

The pivotal role of Manufacturing capabilities in our value creation model, it also plays a critical in 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.



FB-AG-000.D

KVPL’s Manufactured Capital consists of well equipped manufacturing infrastructure, including machinery, buildings and agricultural equipment complemented by advanced technologies, biological assets and inventory.



## Rs. 954 Mn

### Building future value

#### Property Plant & Equipment - PPE

KVPL Group continued to adopt a long-term approach to value creation, investing in strengthening capacities and capabilities for strategic growth. Total additions to PPE for the year amounted to Rs. 502 m, reflecting investments in new capacity enhancements and technology improvements. Additions to Property, Plant and Equipment during the year are summarized below:

	Rs. m
Land	28
Buildings	41
Plant & Machinery	290
Furniture, Fittings & Equipment	19
Computers	8
Motor Vehicles	116
<b>Total</b>	<b>502</b>

#### 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, our primary crops have traditionally been Tea and Rubber. More recently, we have diversified into Coffee, Cinnamon, Coconut, Agarwood, Cloves and Cardamom. The success of our plantation operations hinges on the vitality and diversity of these biological assets.

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.

Investment in Bearer Biological Assets (**Rs. 452 m for 856.71 Hectares**) during the year are summarized below:

	Rs. m	Extent (Ha.)
Rubber	162	384.13
Coffee	181	146.39
Cinnamon	19	35.02
Coconut	65	215.33
Timber	9	32.38
Others (Agarwood, Cloves, Cardamom, etc.)	16	43.46
<b>Total</b>	<b>452</b>	<b>856.71</b>

Strategies for sustaining and enhancing our biological assets for the future:

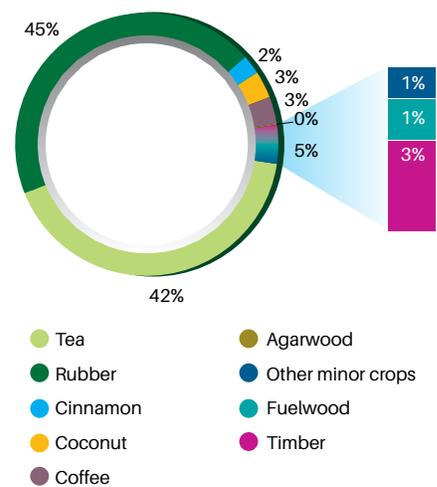
- The periodic replanting of existing crops
- Strategic diversification of our crops into high value export crops such as coffee, cinnamon and cardamom in order to bolster profitability in the face of market fluctuations for Tea and Rubber as well as to improve the productivity of the soil that is derived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

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 a 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.

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

Type of Crop	Extent (Ha.) 2024/25	Cost - Rs.'000 2024/25
<b>(Bearer Biological Assets)</b>		
Tea	3,138	1,281,492
Rubber	3,362	3,926,471
Cinnamon	180	288,097
Coconut	251	306,924
Coffee	252	243,246
Agarwood	10	30,429
Other minor crops	59	37,897
<b>(Consumable Biological Assets)</b>		
Timber	221	320,874
Fuelwood	80	31,985
<b>Total</b>	<b>7,553</b>	<b>6,467,415</b>

Distribution of Extent in Bearing



**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 amounted to 1.9 Bn, as detailed under note 17.2 of the financial statements.

**Land**

Mabroc Teas acquired land at an investment of Rs. 28 m during the year to expand their operational capacity, bringing the accumulated value of their land holdings to Rs. 822 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. This also includes child development centers, worker rest rooms, 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 & 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. 7.3 m during the year (Rs. 3.2 m Previous year) in procuring computer equipment essential for the completion of implementation of our new ERP system.

**Product Development**

**Tea** - KVPL’s own branded teas recognized for premium quality in both local and global markets

Year	No. of products now added to product range
2020-2021	02
2021-2022	05
2022-2023	09
2023-2024	15
2024-2025	35
Total	66



**Rubber** - R&D into the development of food grade products

### Major expansion of our Manufactured Capital in 2024

- Installation of 2 new roof top Solar energy plants at Ingestre Tea factory, and Panawatte Rubber factory 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. 80 m.
- Invested in drone-based chemical/ fertilizer application with an investment of Rs. 30 m.
- Implementation of the new ERP system with a total investment of Rs. 16 m. 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.

### Plans for expansion of our Manufactured Capital in 2025

- Installation of new roof top Solar energy plants at our regional office in Dickoya at a total investment of Rs. 5 m.
- Investing in drone-based chemical/ fertilizer application with an investment of Rs. 30 m annually.

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 Agribusiness 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 application 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.
4. Identification of nutrient deficiencies.



“Our strength lies in the diversity of thought where ideas, experiences, and knowledge converge to shape the future of plantation excellence.”

# Intellectual Capital

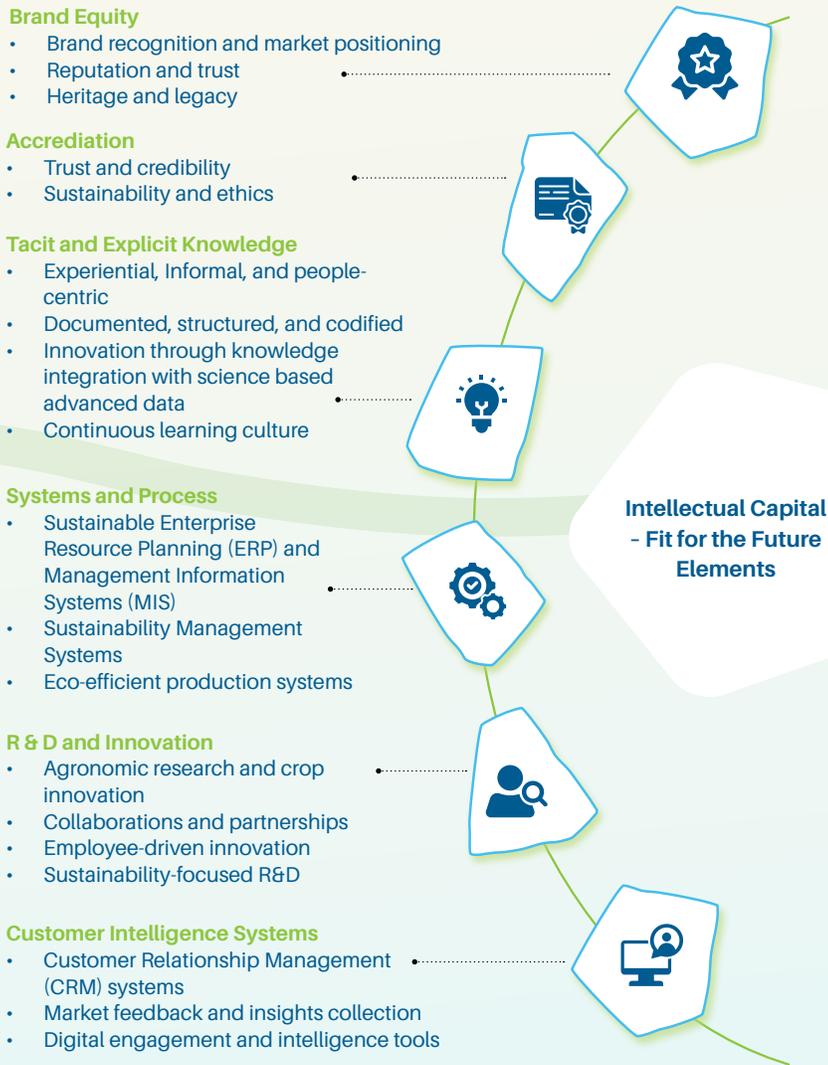
As firms evolve and move up the value chain, they shift from basic, commodity-based operations to higher-value, knowledge-intensive activities. This transformation is marked by a strategic focus on innovation, product design, brand development, data-driven decision-making, and sustainability. At KVPL, we are proud to recognize that these attributes increasingly define who we are today.



Last year, we introduced a comprehensive knowledge management strategy that has played a pivotal role in our journey toward becoming a regenerative, knowledge-based enterprise. Our ongoing transformation has been shaped by decades of pioneering initiatives a testament to the value we place on nurturing and leveraging our Intellectual Capital. This evolution is deeply embedded in our value creation model, reflecting our belief that knowledge is both a resource and a driver of long-term value.

Our Intellectual Capital, comprising both tacit and acquired knowledge, has been instrumental over the decades in ensuring KVPL stays “Fit” for the “Future.” It has enabled us to anticipate stakeholder expectations, align with global standards, and pursue forward-thinking certifications long before they became industry norms. KVPL’s Intellectual Capital has also been a key to the Company’s ability to forge partnerships and relationships with diverse entities such as leading academic institutions, NGO’s and international organisations. This year’s Triple Crown is not only a recognition of excellence it is an example of how we derive value *from* knowledge and drive value *through* the thoughtful application and sharing of Intellectual Capital. The Intellectual Tourism model, for instance, is a prime example of how we combine the enrichment of our Intellectual, Natural, and Social Capital to create meaningful, multidimensional value. The Agroforestry project at Halgolla is founded on continuous research in Agroforestry and has already sprouted 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 draw tourists but also foster intellectual curiosity, enriching the country’s knowledge base.

## “Rooted in Knowledge, Growing with Innovation, Sustained by Purpose.”



GRI 304-3



The “Triple Crown” of global firsts achieved this year exemplifies a powerful nexus of capitals Intellectual, Natural, Human, and Social a harnessing of knowledge and working in synergy to drive knowledge creation, sustainable value, and long-term impact:



- **World’s first Intellectual Tourism Model** Poised for launch as a self-funding initiative, this model redefines eco-tourism by combining biodiversity conservation with high-impact scientific collaboration. Situated in one of the region’s richest ecological zones, Halgolla will host international researchers, creating a vibrant knowledge economy that brings foreign exchange and employment opportunities to local communities.
- **The World’s First Tea Estate Certified with the regenagri Standard** Setting a new benchmark in regenerative agriculture, this certification underscores our commitment to soil regeneration, enhanced biodiversity, and climate resilience and reflects the Company’s forward-thinking approach that not only strengthens the environment but also improves productivity and profitability.
- **On-Location Centre for Biodiversity Research and Sustainable Knowledge Management:** This research and collaboration hub will unite global and local experts across disciplines from biodiversity to regenerative agriculture and forest ecology. 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.

**Accreditations**

Over the years, KVPL has consistently demonstrated its commitment to quality, sustainability, and stakeholder trust through a robust set of certifications under its Intellectual Capital strategy. These certifications have not only strengthened KVPL’s operational framework but also positioned the Company to effectively meet evolving customer demands and global expectations.

The certification we have secured across the value chain:

- ISO 22000:2005: All of KVPL’s black tea factories are certified under this international standard for food safety management systems, ensuring that products are safe for consumption.
- HACCP: KVPL’s tea manufacturing processes adhere to the Hazard Analysis Critical Control Point system, which identifies and manages food safety risks.
- Good Manufacturing Practices (GMP): KVPL’s factories comply with GMP standards, ensuring consistent production and quality control.

- Rainforest Alliance Certification: KVPL’s tea plantations are accredited with Rainforest Alliance certification, promoting environmental and social standards in farming practices.
- Forest Stewardship Council (FSC) Certification: KVPL’s rubber plantations hold FSC certifications, ensuring sustainable forest management.
- Fair Rubber Certification: Two of KVPL’s rubber plantations have received Fair Rubber Certification, aiming to improve the working and living conditions of estate workers.
- Sustainability Framework Certification: KVPL’s rubber estates are certified under a framework inspired by existing sustainability schemes and the UN Sustainable Development Goals, promoting comprehensive sustainability practices.
- Regenagri : An endorsement of our regenerative agricultural practices, following a rigorous on-site audits and critical analysis.
- ISO/IEC 27001:2022 : Leading international standard for Information Security Management.
- ISO 45001:2018 for Ingestre tea factory.





## KVPL Achieves Global First with ISO/IEC 27001:2022 Certification

In a world where data security and transparency are increasingly critical concerns, KVPL took a valuable step forward. Marking a significant milestone, KVPL became the first Plantation Company in the world to achieve the ISO/IEC 27001:2022 certification, the leading international standard for Information Security Management Systems (ISMS).

This certification underscores KVPL’s proactive approach to managing data security risks, protecting sensitive information, and enhancing trust among its customers and partners. The achievement sets a new benchmark for the global tea industry, aligning plantation operations with cutting-edge digital and information security practices.



## KVPL and EUDR Compliance



Kelani Valley Plantations PLC (KVPL) is proud to be one of the first companies in Sri Lanka to achieve full compliance with the EU Deforestation Regulation (EUDR) by September 2024. This proactive move reflects our deep commitment to sustainable, ethical, and legally responsible rubber production.

In line with EUDR requirements, KVPL has established a traceability system that links all rubber production to geolocation-mapped plots, ensuring that no rubber is sourced from deforested land post-December 31, 2020.

Our FSC® 100% and GOLDS certifications, along with strict due diligence protocols, reinforce compliance EU expectations. We have also conducted extensive training across estates to raise awareness and ensure alignment from the field level to final dispatch.

These initiatives not only position KVPL as a pioneer in EUDR readiness but also strengthen our long-term access to European markets and our reputation as a leader in sustainable rubber production.

Historically, our collaborations have been with Sri Lanka’s leading academic institutions. Over the past two years, however, we have expanded our network to include top-tier international universities, particularly those with agricultural programs ranked among the world’s top three. This strategic shift has opened doors to cutting-edge research, global perspectives, and groundbreaking innovation.



## R&D and Innovation

### KVPL’s Research Model

Research and Development (R&D) is a cornerstone of KVPL’s long-term competitiveness, driving continuous innovation and ensuring that we remain responsive to evolving market needs and shifting customer preferences. However, rather than adopting a traditional model centered around heavy investments in physical infrastructure, KVPL has chosen a more agile and cost-effective R&D approach.



We forge win-win collaborations and Memorandums of Understanding (MOUs) with institutions that possess world-class knowledge capabilities particularly universities. These partnerships allow us to harness invaluable synergies, producing mutually beneficial outcomes for both KVPL and our research partners.



### Our Ongoing Partnerships:

- Local universities: Wayamba University of Sri Lanka – Faculty of Agriculture and Plantation Management, University of Peradeniya – Faculty of Agriculture, Faculty of Management, University of Colombo – Faculty of Science, Uva Wellassa University – Faculty of Export Agriculture, University of Moratuwa – Faculty of Architecture

➤ Foreign Universities: Wageningen University & Research - Netherlands, Jagiellonian University - Poland

This evolving R&D model has played a critical role in enabling KVPL to achieve a "Triple Crown" of success this year demonstrating the value of our adaptive and collaborative approach. By investing in knowledge partnerships rather than physical infrastructure, we are not only reducing cost but also accelerating impact.

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



**Nurturing Young Researchers: Bridging Academia and Industry**

As part of our commitment to collaborative research, KVPL actively facilitates research by university students, both local and international. These young scholars are given access to our estates, including on-site accommodation and operational areas, enabling them to conduct fieldwork in a real-world setting. This hands-on exposure not only enhances their academic experience but also generates practical insights that KVPL can apply directly to operations and strategy.

The resulting value creation is truly mutual: students gain meaningful, practical exposure and applied knowledge in their fields, while KVPL benefits from their findings.

The topics explored through these collaborations, which are often guided by us; have been diverse, interdisciplinary, and deeply relevant to our business and sustainability goals. A few examples of a total of 11, (of which 8 have been completed while 3 are ongoing) research studies across a wide range of subjects

include : "An Environmental Life Cycle Assessment of the black tea manufacturing process in Sri Lanka", "A Marketing Case Study on enhancing consumer satisfaction and brand loyalty through sensory branding and effective merchandising techniques" and "A Sociological Exploration of the role of cultural semiotics in shaping gender roles among the Malayala Tamil community in Pedro Estate", shedding light on the intersection of identity, tradition, and societal norms.



**R&D in Tea**

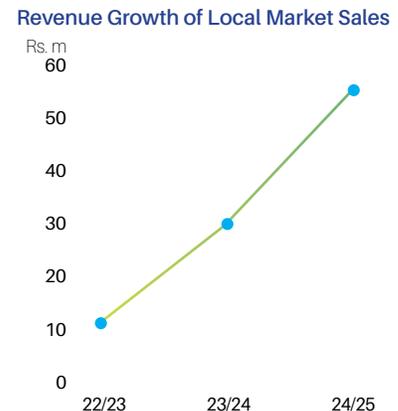
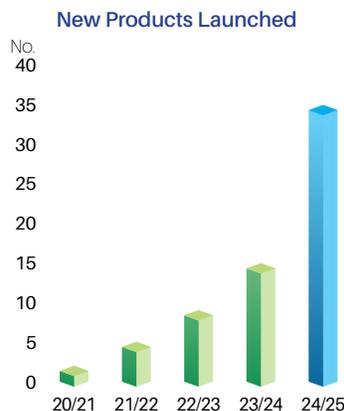
A key focus of our R&D for Tea this year has been the development and implementation of low-residue, chemical-free field practices to meet stringent Japanese and European MRL (Maximum Residue Limit) standards ensuring both compliance and consumer trust. By combining scientific research with the tacit knowledge of our field teams, we foster practical, scalable solutions that not only enhance product quality but also support environmental sustainability. This innovation pipeline fuels the creation of new products and services, opening up future revenue streams. Additionally, the consistent expansion of our local sales footprint through tea centers and a few retail and heritage products outlets demonstrates how R&D-driven offerings are translating into tangible market growth year after year.



**Innovations**

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 included continuous product and process innovation aimed at penetrating new markets, sustaining existing ones and expanding our market presence.

This year saw another milestone as KVPL introduced the highest number of new products to the market. The innovations this year include the launch of products for local markets such as specialty teas and curated blends tailored to wellness and flavor trends which contributed significantly to Revenue growth as depicted below.



KVPL has developed several proprietary tea blends and unique processing techniques, tailored for both local and international markets. These innovations not only enhance the sensory appeal and quality of our offerings but also carry strong potential for future intellectual property protection.

Key examples of value addition during the year include:

- Health-benefit Tea Blends: Specially formulated blends infused with natural health-enhancing ingredients, presented as attractive gift packs catering to the growing wellness and lifestyle market.
- Specialty Tea Grades: The introduction of new specialty grades that reflect both craftsmanship and innovation, meeting the demands of discerning global consumers seeking premium, differentiated products.

These developments underscore our commitment to leveraging Intellectual Capital for market differentiation, value creation, and long-term competitiveness.



### The variety of new grades introduced in 2024/25

- Estate level Rare Artisanal Tea collection for premium price range - Fordyce Special, Halgolle Wild Tea, Kelani Special, Nuwara Eliya Red Tea, Mount Elixer, Nasby Dew, Tea Wringle, Uda Radella Twist, UR Mint Twist, Rose Ball.
- Spice-infused Teas - Blends with natural Ceylon cinnamon, ginger, turmeric, and cardamom.
- Wellness Teas - Red & Blue Tea Gift Box



### Brand Equity



With a legacy spanning over 25 years, the KVPL brand has earned international recognition as a trusted supplier of premium Tea and Rubber. The brand's core attributes quality, reliability, agility, innovation, customer service excellence, and a deep-rooted commitment to social and environmental responsibility provide the Group with a distinct competitive advantage both locally and globally.

Our Tea, sourced from plantation companies known for their distinct flavor profiles, is renowned for consistency in quality. This excellence is maintained through rigorous adherence to food safety protocols and environmental, social, and ethical standards. KVPL is consistently ranked among the top ten in national sales averages, a testament to the superior quality and wide acceptance of our Tea. Strong sales volumes further reflect the brand's solid reputation and widespread appeal.

## Customised orders that fetched a premium

Single-Estate Seasonal Teas (e.g., Pedro Estate First Flush in Season)

- Handpicked, small-batch teas curated for premium buyers.
- Tailored flavor profiles (floral, brisk, light-bodied) based on seasonal leaf character.
- Sold to luxury tea boutiques and connoisseurs at significantly above-market rates.

Specialty Tea Orders for our Tea centers (Pedro Ethical Tea Boutique, Tea Train & Planters Grove)

- Custom-developed black and green tea blends with indigenous spices like Ceylon cinnamon, ginger, and moringa.
- Created based on client health/wellness specifications and dietary trends.
- Achieved high margins through unique positioning and limited-batch exclusivity.

Eco-Friendly Gift Pack Series for Corporate Clients:

- Fully customized gift packs with branded messaging, estate stories, and biodegradable packaging.
- Targeted high-end corporates and hospitality chains for seasonal gifting. (Ex - Custom made packs for Hayleys Travels)



This year, we made significant strides in strengthening the KVPL brand alongside our individual tea brands, which already enjoy considerable global recognition. Iconic names like Lovers Leap and Mahagastote continue to carry strong brand equity across international markets. Furthermore, this year, we also initiated the marketing of teas under their specific estate names, highlighting their single-origin status and distinctive characteristics. Notably, the unique profile of “Pedro” was strategically positioned to appeal to the refined tastes of Japanese consumers, further reinforcing our commitment to targeted, market-driven brand development.

KVPL’s brand expansion is further supported by the efforts of Mabroc, our subsidiary engaged in export marketing, which has established a presence in over 50 countries. These brands have become key drivers in penetrating new export markets.

Strengths of Our Brand Marketing Include:

- Vertical Integration: Leveraging the strength of Hayleys Plantations provides a unique and powerful marketing advantage.
- Distinct Market Identity: A brand image that consistently reflects premium quality, ethical standards, and exceptional service.
- Sustainability Branding: KVPL leverages its RA (Rainforest Alliance) and Eco-Label certifications, ethical tea partnerships, and UNGC (United Nations Global Compact) credentials to craft a compelling narrative of responsible sourcing and sustainability. These credentials not only strengthen our brand story but also enable us to command a premium for our products in discerning global markets.
- KVPL is synonymous with ethical sourcing, sustainability, and estate-fresh quality, positioning itself as a direct exporter with Single Origin offerings and a global reach. Our key attributes include traceability, sustainability, the uniqueness of terroir, and unwavering commitment to ethical business practices.

Together, these strengths reinforce KVPL’s position as a globally respected name in sustainable tea and rubber production. In the local market, with rising demand for premium, traceable, and ethically produced tea, KVPL enjoys a competitive edge thanks to its strong brand presence and certified processes.

## Leveraging our Brand equity and enhancing its presence

During the year, KVPL undertook a strategic brand revitalization initiative aimed at enhancing visibility and deepening marketing consumer connection. Integrated marketing campaigns were launched across digital platforms, retail touchpoints, and through carefully selected influencer collaborations. These efforts spotlighted key brand pillars such as sustainability, rich heritage, and our award-winning product quality. The multi-channel approach significantly boosted brand recall, leading to heightened consumer engagement and a stronger market presence. This revitalized brand positioning further reinforced the company’s Intellectual Capital by strengthening brand equity and consumer trust.

The Company also participated in two significant international trade fairs as captured in photos: The Gulf Food held in Dubai, in February and the FoodEx Japan in March this year, where KVPL marketed the Pedro brand as a strategic positioning to cater to the preferences of Japanese tea drinkers. This marked the first time KVPL showcased the Pedro brand as a symbol of its brand equity at an international exhibition.



Being part of the Hayleys Group significantly enhances KVPL’s credibility in global B2B relationships, providing access to broader networks, financial strength, and a strong culture of compliance. The Hayleys name strengthens KVPL’s corporate reputation and bolsters investor confidence.

Hayleys Plantations widely acknowledged as the world’s most awarded and certified sustainable plantation business adds further strength to KVPL’s positioning through its leadership in human capital management, ecological stewardship, community engagement, and ethical business practices.

## Accolades Received by Our Tea Estates & Brands in 2024/25

Competition/ Recognizing Body	Category	Award
25th Tea Exporters AGM - For Outstanding Tea Produce Competition	Nuwara Eliya region	Winner - Pedro Estate
	Dimbula region	Runner up - Robgill Estate
North American Tea Conference 2024	1st Place Winner by Country	Annfield Estate -White Silver-tips
	Overall Winner from the World	Annfield Estate -White Silver-tips
The Leafies International Tea Award 2024	Highly commended Tea Category	Christmas Caddy
Ceylon Specialty Estate Tea of the Year Competition 2024	Dimbula region BOPF - (Tillyrie Estate)	Silver
	Nuwara Eliya region FBOP - Lover's Leap (Pedro Estate)	Gold
	Nuwara Eliya region PEKOE - Lover's Leap (Pedro Estate)	Silver
	Nuwara Eliya region OP1 - Mahagastotte (Pedro Estate)	Bronze
	Nuwara Eliya region PEKOE - Mahagastotte (Pedro Estate)	Merit
	Overall Winner by Country - FBOP (Pedro Estate)	Silver



## Knowledge and Tacit Expertise

At KVPL, decades of hands-on experience in rotervane, leafy orthodox, and specialty tea manufacturing across three distinct agro-climatic regions Nuwara Eliya, Dimbula, and the Low Grown sector form the bedrock of our operational excellence.

Our estate managers and tea tasters are custodians of deep, domain-specific knowledge much of it tacit, refined over years of practice and passed down through experience rather than textbooks. This embedded expertise is invaluable not only for maintaining high standards of quality but also for guiding experimental processes and informing research initiatives.



By blending this tacit knowledge with academic and scientific inquiry through our R&D partnerships, KVPL creates a powerful circle of practical insight and theoretical innovation one that continually elevates both our people and our products.



## Encouraging Knowledge Acquisition & Sharing and Fostering Intellectual Curiosity amongst Our People

At Hayleys Plantations, we foster a culture that encourages research and innovation, recognizing knowledge acquisition, retention, and application as essential pillars for future sustainability. This commitment is evident in the many strategic initiatives we prioritize such as the Triple Crown, which leverages our Social Capital, and the culture of continuous learning embedded in our Human Capital management practices. A key example of this culture in action is the Hayleys Plantations Management Symposium 2024, successfully held for the second consecutive year under the theme "Intellectual Intervention & Innovations in Plantations towards Sustainability." The symposium, which spans all three plantation companies under the Hayleys Group, invited estate-level project submissions aligned to the theme. This year, 46 synopses were received, with the top 20 shortlisted through a rigorous evaluation in August. These selected projects were presented before a distinguished panel, culminating in a final event in December 2024. Pedro Estate of KVPL was named overall winner with its exemplary project, "The Success Story of Pedro Estate." Adding depth to the event, Professor Pradeepa Bandaranayake, Director of the Agricultural Biotechnology Centre at the University of Peradeniya, delivered the keynote address. Her insights highlighted the critical role of integrating scientific research with experiential knowledge in advancing sustainable Agribusiness management an ethos that mirrors our own commitment to knowledge-driven progress.





Further demonstrating our continued commitment to fostering knowledge and innovation, a team of our corporate sustainability executives participated in an international competition organized by the United Nations Global Compact, which invited corporates to propose innovative projects advancing organizational sustainability. Our team's submission centered on a model to support the Intellectual Tourism initiative at Halgolla, through the development of a structured training programme for local youth. The proposal outlined a plan to equip 10 young individuals, aged 20-25, with the skills and knowledge required to serve as trained guides, effectively combining community empowerment with the promotion of sustainable, knowledge-based tourism.



**Systems & Processes**

- Quarterly Buyer Profile Reports: A key strategic tool for aligning product innovation and marketing with buyer trends.
- Integrated Plantation Development Network - Streamlines tea intake and traceability from estate to market.
- Estate-level MRL Monitoring System: Ensures compliance with Japanese and EU food safety norms via field-level non-chemical practice in each Estates.

During the year we also upgraded our POS System enabling :

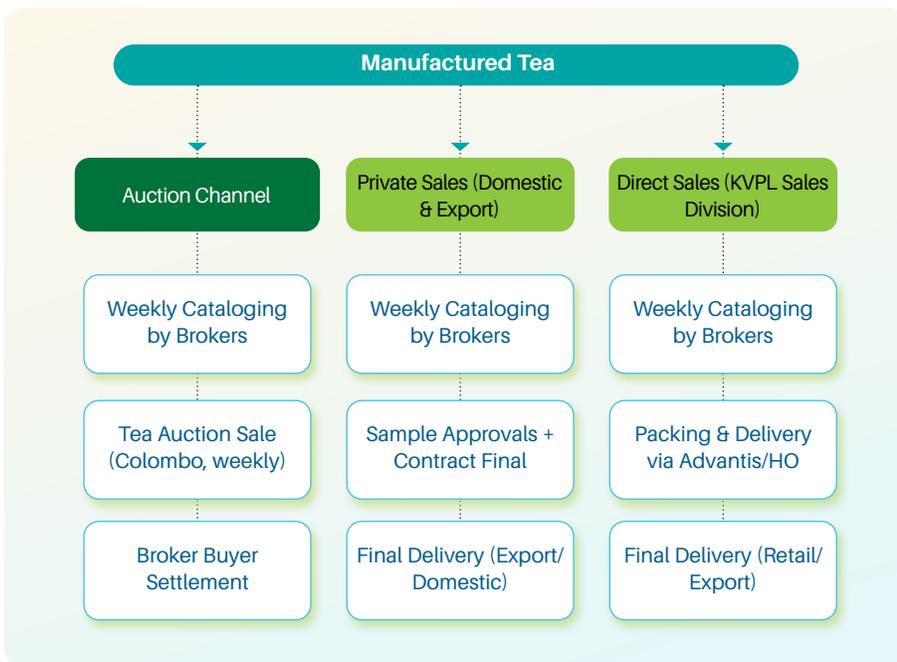
- Real-time inventory and sales tracking.
- Data-driven sales planning and improved customer service.
- Reduction in the occurrence of stockouts and improved operational efficiency.

**Customer Intelligence System**

Our advanced Customer Intelligence System is built around detailed Premium Buyer Profiles, updated quarterly to capture key insights into purchasing behavior, preferences, and feedback. This evolving intelligence framework empowers us to anticipate market trends and align our production, packaging, and R&D initiatives with shifting global buyer expectations driving relevance, agility, and innovation.

During the year under review, the strategic application of this system delivered measurable results. By analysing buyer behavior and auction dynamics, we made a data-informed decision to temporarily withdraw a batch of tea from auction, strategically re-entering it when market conditions improved. This timely move resulted in an additional income of Rs. 69 million, underscoring the system's value in driving both market insight and financial performance.

**The Processes of Delivery at KVPL from Factory to Customers:**



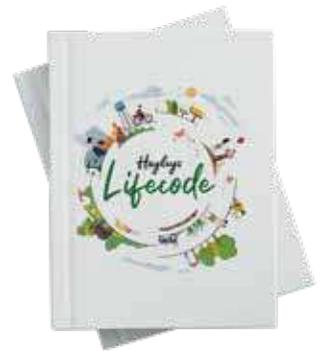
“  
At the heart of our mosaic  
are our people diverse  
in background, united in  
purpose, and empowered  
to drive transformation  
from the ground up.”

# Human Capital

KVPL has been at the forefront of redefining people management in the Plantations sector an industry long rooted in rigid hierarchies and traditional practices. Breaking away from this legacy, KVPL has led a paradigm shift by adopting a people-centric, community-based, and innovation-driven framework aligned with modern global management standards.



Our transformative journey is marked by several pioneering milestones in Human Capital engagement. From becoming the first Regional Plantation Company (RPC) to incorporate Oracle Fusion HCM, to adopting a comprehensive Child Protection Policy, and being the first in the industry to earn recognition as a certified "Great Place to Work" for four years in succession KVPL has consistently set new benchmarks for the industry.



These achievements are not just accolades they are the building blocks of our future fitness. At KVPL, future readiness is not defined solely by systems or strategies, but by the agility of our operating model and, more importantly, the dexterity and insight of our people. Knowledge stands as a cornerstone in this journey, enabling us to anticipate tomorrow's expectations whether from the market, our customers, or our own employees.

## Fostering a Sustainable Value Mindset Across Our Workforce

This journey has also been founded on a sustainable mindset; having long since recognised that cultivating a sustainable value mindset among our employees from estate level to executive leadership is fundamental to our long-term success. Guided by the Hayleys Group's well-defined ESG framework and the Hayleys Life Code, we embed environmental and social consciousness into the fabric of our operations. As an agribusiness, we allocate a significant portion of our annual budget toward sustainability initiatives, reinforcing our commitment to responsible practices. These efforts are supported by ongoing awareness programmes and capacity-building initiatives.



Best Management Practices Company Award  
2025 Overall Winner

The accolades along the way continue to spur us on, affirming that our actions and approach continue to enhance value creation for our People and Profits.

We have identified the following strategic priorities to ensure we remain agile and responsive to stakeholder needs in the next few years ahead



- Emphasize talent acquisition and retention through diverse HR strategies.
- Foster employee growth and development to maintain a motivated workforce.
- Advance sustainability via the ESG framework and align with Sustainable Development Goals (SDGs).
- Promote employee engagement with a sustainable knowledge management culture.
- Formulate leadership and succession plans by examining global trends.
- Address skill and competency gaps to build a strong leadership pipeline.
- Digitize HR processes and integrate global HR trends.
- Manage Generations Y and Z in the workplace.
- Transition from digital to AI-driven plantation management.
- Utilize big data management in HR strategic planning.
- Enhance collaboration with UNDP, UNICEF, and UNV.
- Broaden child protection policies and implement online monitoring tools with "The Center for Child Protection."
- Develop strategies to shift from traditional plantation management to modern Agribusiness practices.
- Boost productivity by optimizing land use and maximizing output.

### The Gold at SLITAD People Development Awards 2023/24

KVPL was the winner of the Gold Award in the Plantations category at the prestigious Sri Lanka Institute of Training and Development (SLITAD) People Development Awards 2023/24.

Held at Cinnamon Grand Hotel, Colombo, the SLITAD Awards brought together and celebrated organisations championing HRD practices that contribute to the development of their people, and the nation.

KVPL's success in Training and Development stems from its unwavering commitment and passion to go beyond traditional plantation management boundaries. The management firmly believes that great achievements are nurtured through the collaboration of many minds united by a common vision and goal, and in that vein, winning the Gold at the SLITAD People Development Awards 2024 serves as a testament to our team's exceptional accomplishments and our position as a benchmark in Training and Development within this challenging industry.



### "A Great Place to work" for the 4th successive year

We are deeply honored and inspired by the resounding support of our employees in naming Kelani Valley Plantations PLC (KVPL) as A Great Place to Work for the fourth consecutive year. This achievement is especially meaningful as KVPL becomes the first Regional Plantation Company (RPC) to earn this prestigious certification in successive years setting a benchmark for the industry.



This year's certification is particularly significant, not only for the outstanding results but for the inclusivity and breadth of the responses. Out of a robust sample of 5,000 employees, every respondent agreed that KVPL is a great place to work and expressed a desire to remain with the Company for the long term. Importantly, 98.6% of survey responses came from Associates and operational staff across our estates reflecting genuine feedback from the heart of our workforce. KVPL also recorded an exceptional 99% average across all survey statements, underscoring the strength of the positive and inclusive workplace culture we are building.

We are particularly proud that women make up 51% of our workforce, and it is with much appreciation and humility that we note KVPL's recognition as one of the best workplaces for women by women themselves.





**Labour Relations Management**

GRI 2-30, 13.18, 402-1, 407-1



KVPL's takes a win-win approach to managing employee relations and is committed to fostering constructive and equitable labor relations, guided by our adherence to the principles of the United Nations Global Compact (UNGC) an initiative to which we were early signatories and remain steadfast in our commitment.

All our operations fully uphold the right to freedom of association and collective bargaining across all employee groups, with no part of our activities considered at risk in this regard. 98.6% 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 7,400+ 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; Child Development Centres, Safety & Wellbeing including medical facilities such as dispensaries and company paid medical staff; Recreation facilities, Sanitation facilities and Clean water.

To further align our human resource practices with our environmental, social, and governance (ESG) objectives, we have embedded these principles into our ESG Sustainability Framework branded as "KVPL's Corporate DNA." This framework ensures that our HR strategies contribute meaningfully to both the Group's ESG commitments and the United Nations Sustainable Development Goals (UN SDGs), supporting a sustainable and resilient workforce.

**Prevention of Forced or Compulsory Labour**

GRI 13-16

KVPL maintains a zero-tolerance policy towards forced or compulsory labour across all its operations and supply chains. We ensure that all recruitment is voluntary, based on informed consent, and conducted in full compliance with national labour laws and international best practices.

All individuals are recruited following a transparent and stringent process, with employment terms and conditions clearly communicated prior to contract signing. This approach guarantees that every employee joins the Company by choice and with a full understanding of their rights and responsibilities.

Our commitment to ethical recruitment practices is integral to our values and reinforces our dedication to upholding human rights throughout our value chain.



"For over four decades, KVPL has supported my journey from a young midwife to a experienced and qualified health professional within plantation sector. I'm proud to serve our plantation community at Kelani Valley Plantations PLC, helping to ensure their health, safety, well-being and dignity, every moment and every day."

**D. Padmakanthi**  
Estate Midwife, Pedro Estate





### Implementation of Key Value Drivers



At the estate level, KVPL has identified six key value drivers that are essential for fostering win-win outcomes and promoting sustainable productivity growth. They reflect the Company’s holistic approach in stakeholder engagement and the belief that its commitment should extend beyond the quality of work-life to quality of life. These priorities are operationalized through our ESG framework, which includes targeted awareness campaigns, employee education, and the provision of supporting infrastructure and facilities.

These drivers are key to creating shared value for both the Company and its employees. Detailed initiatives under each area are further elaborated in the Social Capital section of this report.

#### Six Key Value Drivers



Zero anemia, maternal malnutrition, and underweight children



Achieving 100% attendance to enhance income-earning potential



Building a better future for families and children, enabling long-term prosperity



Maintaining clean, organized homes and workplaces



Promoting nutritious food and healthy lifestyles to improve quality of life



Fostering training, development, and talent enhancement to unlock human potential and increase earning capacity

### Driving Sustainable, Grassroot-led Innovations: Hayleys Plantations holds 2nd Annual Management Symposium- 2024

The year under review saw the Group hold the annual Hayleys Plantations Management Symposium for the second consecutive time, under the theme: “Intellectual Intervention & Innovation in Plantations towards Sustainability”- reinforcing the sector’s commitment to innovation and sustainability. The awards evening, hosted at The Kingsbury Hotel, brought together key industry leaders, stakeholders, and visionaries to celebrate excellence in plantation management.



jury composed of internal and external experts. The symposium culminated in December 2024, after a rigorous evaluation process held in August. Pedro Estate of KVPL emerged as the overall winner across all three companies within the Hayleys Plantations Sector with its standout project, “The Success Story of Pedro Estate.”

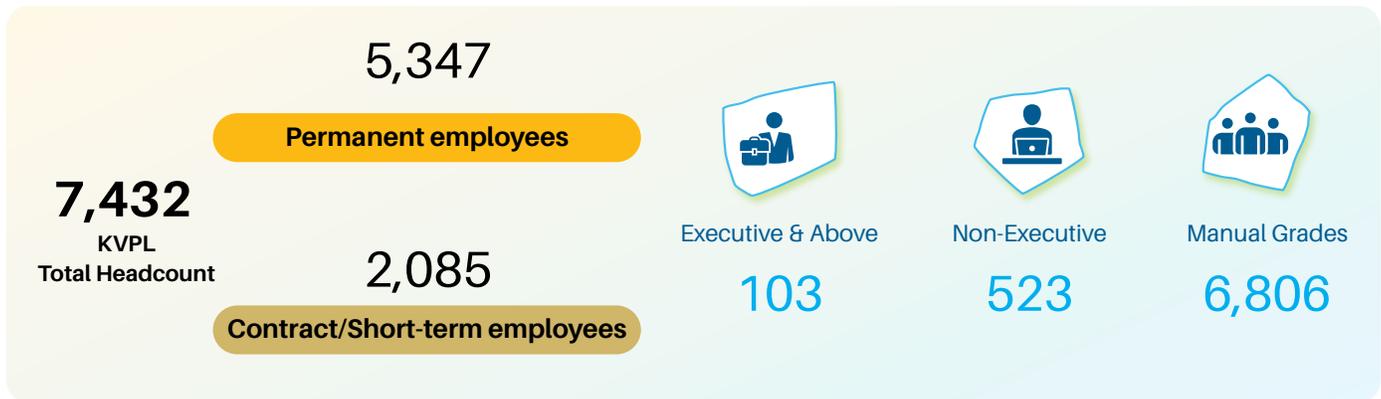
The event was further enriched by a keynote address from Professor Pradeepa Bandaranayake, Director of the Agricultural Biotechnology Centre at the University of Peradeniya. Her address emphasized the global importance of blending science-based innovations with experiential knowledge in agri-business management to drive sustainable development.

The symposium featured 11 transformative initiatives from Kelani Valley Plantations PLC (KVPL), Talawakelle Tea Estates PLC (TTE PLC), and Horana Plantations PLC (HPL), all aimed at driving sustainable practices and empowering local communities. These submissions were initially reviewed by a three-member external panel, which shortlisted the top 20 projects. Among these, KVPL proudly represented 8 entries, with each estate team delivering detailed presentations followed by a viva in front of a seven-member



## HR Statistics

GRI 2-7,2-8 FB-AG-320a.1



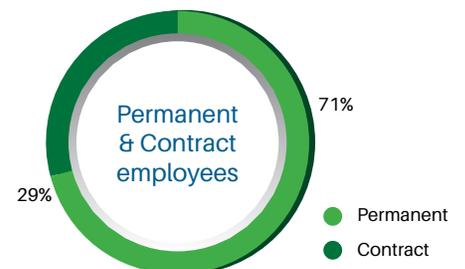
As at 31 March 2025, Kelani Valley Plantations PLC (KVPL) employed a total of 7,432 full-time employees, with approximately 91.6% comprising our estate workforce. KVPL does not engage any part-time employees, and we do not employ non-employee workers whose work is controlled by the company. Consistent with trends in Sri Lanka's plantation sector, the majority of our estate workforce is female.

### Total Number of Employees by Employment Category and Contract by Gender, Region and Age

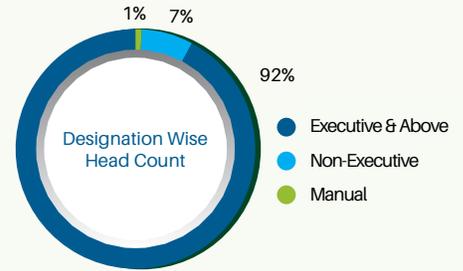
GRI 2-7

	Male - 49%		Female - 51%	
AM & Above	69	92%	6	8%
Executives	18	64%	10	36%
Clerical & Supervisory	367	70%	156	30%
Manual Grade	3,217	47%	3,589	53%
<b>Total</b>	<b>3,671</b>		<b>3,761</b>	<b>7,432</b>

	Male	Female	Total
Permanent	2,503	2,752	5,255
Contract	1,168	1,009	2,177
<b>Total</b>	<b>3,671</b>	<b>3,761</b>	<b>7,432</b>

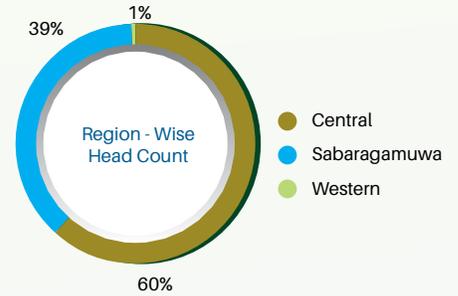


	Western	Central	Sabragamuwa	Total
Management	19	29	27	75
Executive	15	11	2	28
Non-Executive	4	291	228	523
Manual	-	4,186	2,620	6,806
<b>Total</b>	<b>38</b>	<b>4,517</b>	<b>2,877</b>	<b>7,432</b>



Age Wise

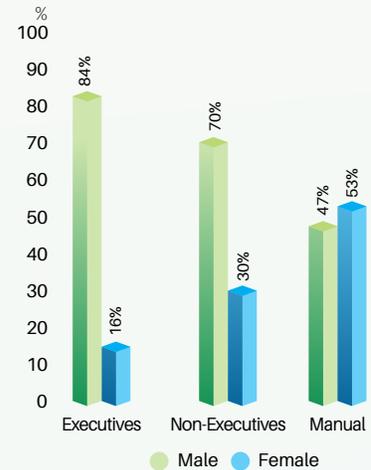
	<30 years		30-50 years		51-60 years		>60 years		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Permanent	343	404	1473	1,818	601	520	104	84	5,347
Contract	129	48	400	253	348	332	288	287	2,085
<b>Total</b>	<b>472</b>	<b>452</b>	<b>1,873</b>	<b>2,071</b>	<b>949</b>	<b>852</b>	<b>392</b>	<b>371</b>	<b>7,432</b>



Gender & Region Wise

	Western Province			Central Province			Sabara'wa Province			Total
	Male	Female	Total	Male	Female	Total	Male	Female	Total	
Permanent	20	13	33	1,579	2,041	3,620	904	698	1,602	5,255
Contract	4	1	5	367	530	897	797	478	1,275	2,177
<b>Total</b>	<b>24</b>	<b>14</b>	<b>38</b>	<b>1,946</b>	<b>2,571</b>	<b>4,517</b>	<b>1,701</b>	<b>1,176</b>	<b>2,877</b>	<b>7,432</b>

Gender Profile of Employee Categories (%)



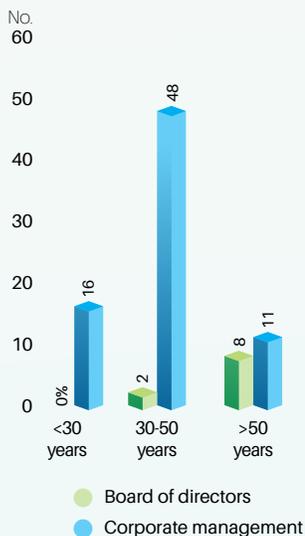
Total Number of Employees by Gender and Region

	Male	Female	Total
Western Province	24	14	38
Central Province	1946	2571	4517
Sabara'wa Province	1701	1176	2877
<b>Total</b>	<b>3671</b>	<b>3761</b>	<b>7432</b>

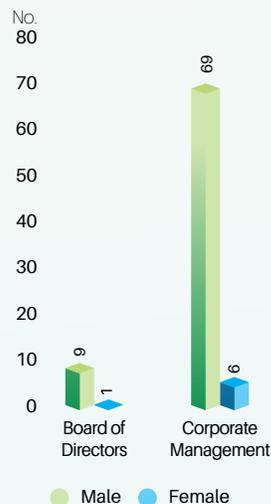
Governance Bodies & Employees on Gender & Age

GRI 405-1, 13.15

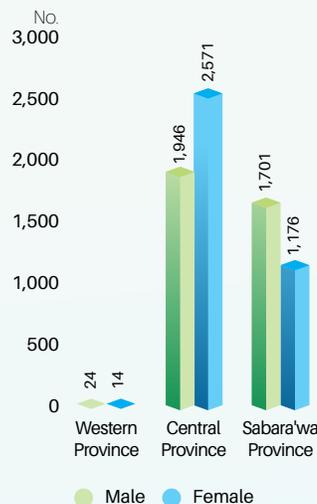
Age Profile of Governance Bodies



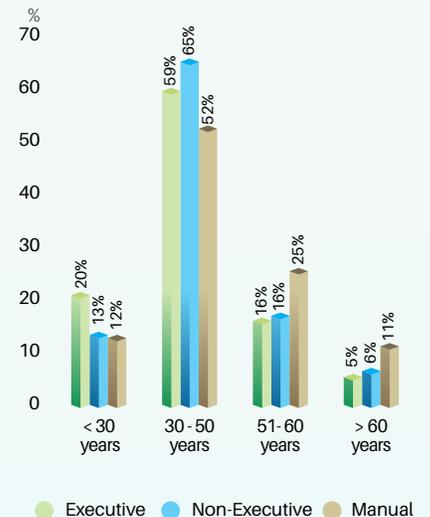
Gender Profile of Governance Bodies



Total Number of Employees by Gender and Region

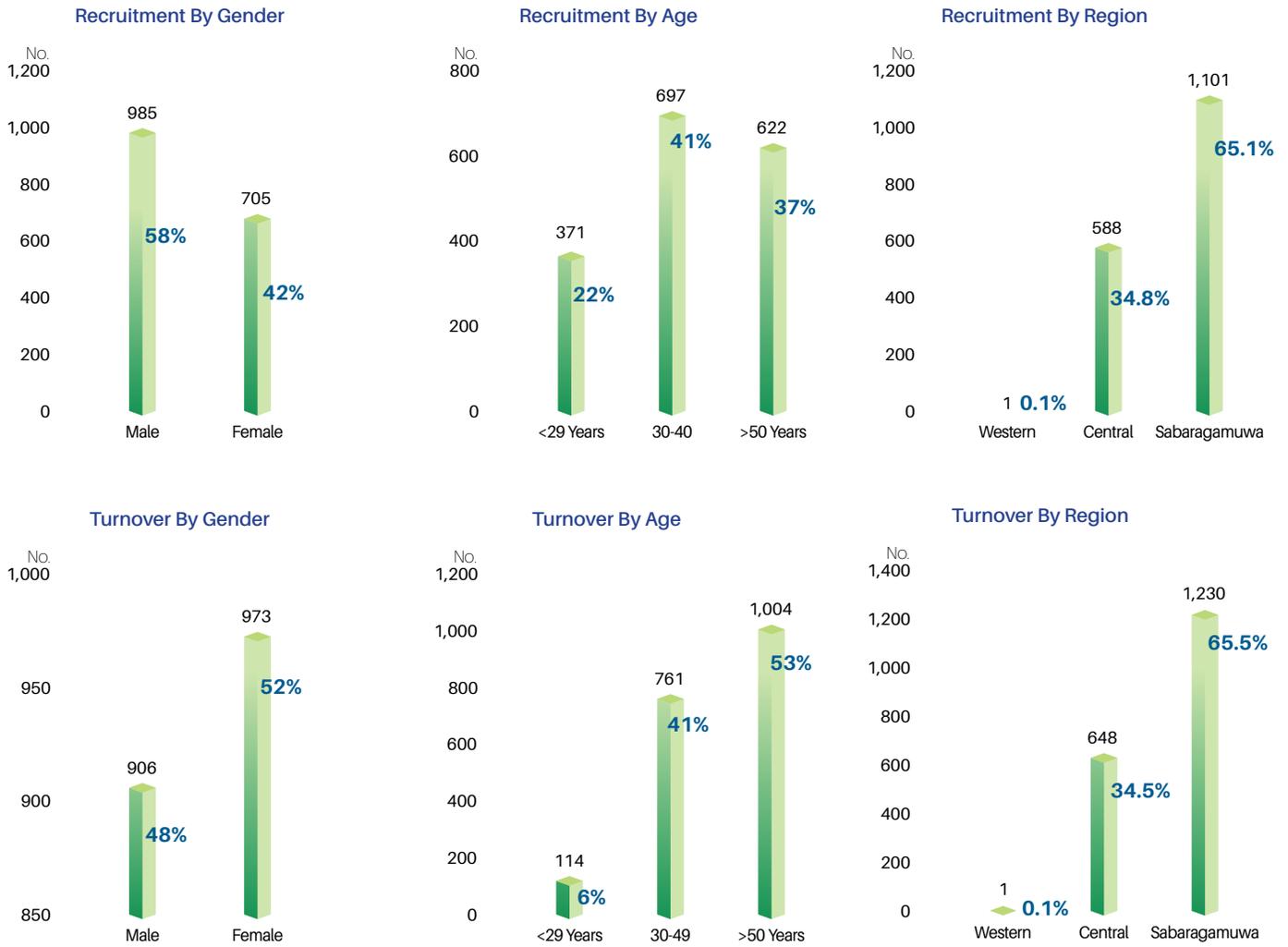


Age Profile of Employee Categories (%)



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

GRI 13-20, 202-2, 401-1



GRI 202-2

At KVPL, all our senior managers are from the local communities thereby reinforcing enduring connections with the region we operate in.



"With KVPL's support and NVQ training, I've grown into my role as a Tea harvesting machine operator and team leader breaking barriers and building confidence. I'm proud to be part of a company that truly empowers women to lead and succeed."

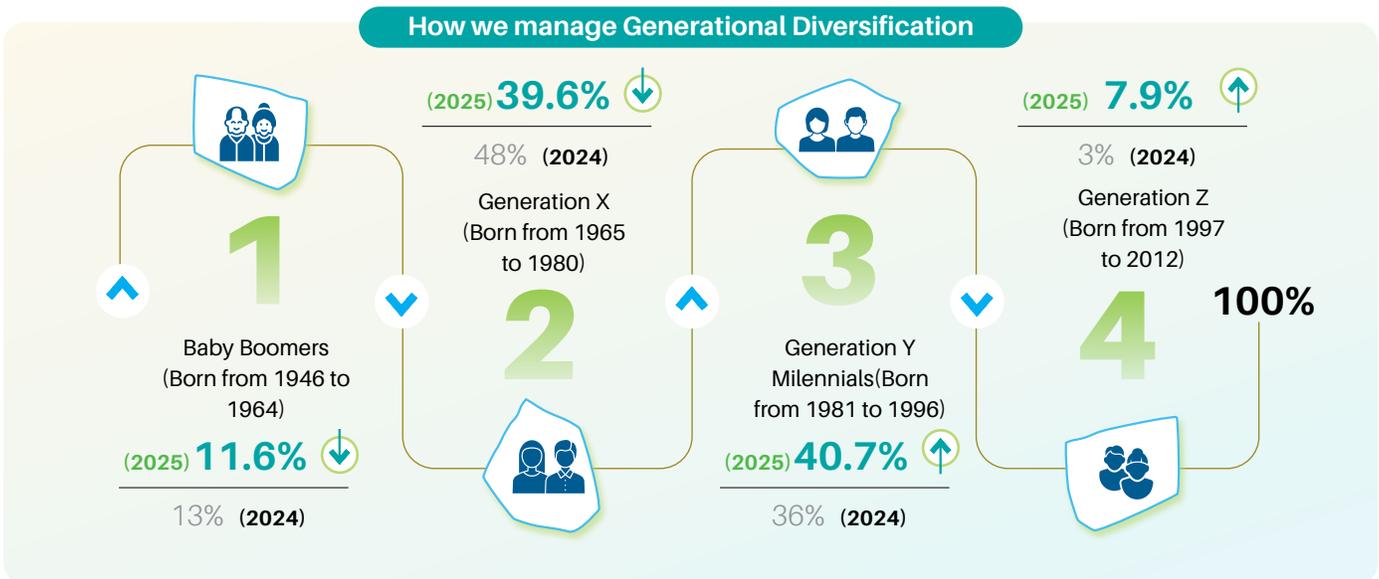


**S. Padmini**  
Tea Machine Operator & Team Leader, Battalgalla Estate

**Preparing for a Generational Shift to Stay “Future Fit”:**

In an ageing global landscape where older populations are steadily increasing, organizations across sectors face the urgent challenge of preparing for significant workforce transitions. It is estimated that approximately 42% of the global workforce will exit in the coming years. We recognize that this demographic shift will have direct impact on our operations as well, with 20-25% of our workforce estimated to retire from the Company by 2030. KVPL has begun to prepare for this transformation via an approach which focuses on generational diversification and the structured development of younger employees.

We have increased the percentage of Gen Z and Gen Y in our workforce, and Generation Y now accounts for 40% of our workforce. We are strategically investing in their growth to ensure long-term sustainability and leadership continuity. This includes substantial investment in overseas training programmes to expand their skillsets and expose them to global best practices and gain global perspectives; as well as strengthening overall management capabilities. In addition, technology adaptation has become a critical pillar of our strategy. We are equipping this younger segment with operational KPIs and integrating online, real-time data systems to enhance decision-making and accountability.



**Attracting and Retaining the Younger Generation of Talent**

This need to retain a significant proportion of Gen Y and Gen Z within our workforce is also in a backdrop of the unique challenges the plantation industry faces in attracting and engaging this demographic for estate and field level KVPL has implemented a focused strategy with targeted initiatives to address this challenge.

- We have aligned several strategic priorities to enhance the appeal of the sector and position it as a progressive, rewarding career path for younger generations. Our approach focuses on reshaping the perception of field work, including small yet meaningful changes such as replacing the term “Tea plucker” with “Tea Harvester” - enhancing the dignity of the role; improving quality of life, and establishing clear pathways for personal and professional growth.
- Collaborations with educational institutions to create mutually beneficial opportunities that support both academic development and industry needs. These include the research model we follow where as many as younger undergraduates conducted their research on our estates, in 2024. The focus of their studies is often aligned with issues identified by the Company, enabling the students to tailor their studies to address real world, market relevant issues. In addition, with the support of National Apprenticeship and Industrial Training Authority (NAITA) and our partnerships with Agriculture Schools network we are driven to integrate knowledge driven youth into our workforce - strengthening our talent pipeline and building future-ready capabilities.



- In addition to research collaborations, we also facilitate practical training for students. One such initiative was the 6-month practical training program conducted in collaboration with the Sri Lanka School of Agriculture - Agunukolapalassa. Through this partnership, we welcomed 12 Agri Technical students (6 male and 6 female) into our operations, providing them with hands-on experience in both Tea and Rubber cultivation. This program went beyond basic training. It was designed to offer real-world exposure, mentor-guided learning, and immersive fieldwork to bridge the gap between academic knowledge and industry needs. Upon successful completion, these students were appointed to various estates across KVPL's operations, allowing them to directly contribute to and grow within the agricultural sector.



#### Other key initiatives aimed at attracting and retaining young talent include

- Supporting continuous employee development to maintain a motivated and capable workforce.
- Advancing sustainability goals by embedding ESG principles and aligning efforts with the United Nations Sustainable Development Goals (SDGs).
- Fostering a culture of learning, innovation, and knowledge-sharing to strengthen engagement.
- Designing leadership development and succession strategies that respond to evolving global trends.
- Identifying and bridging skills and competency gaps to nurture a strong future leadership pipeline.
- Modernizing HR operations through digital transformation and the integration of global best practices.
- Managing multi-generational teams effectively, with a focus on understanding the unique expectations of Generations Y and Z.
- Transitioning from traditional digital tools to AI-powered solutions in plantation management.
- Leveraging Big data analytics to enhance HR decision-making and long-term workforce planning.
- Fostering gender equality and breaking down traditional barriers within the plantation sector. As part of our broader human capital strategy, we are actively empowering women field workers to pursue leadership roles by challenging outdated stereotypes and dismantling the glass ceiling that has historically limited their growth collaborations with organizations such as UNDP, UNICEF, and UNV to amplify impact.
- Expanding the child protection framework with integrated digital tracking systems in partnership with The Center for Child Protection.
- Shifting from conventional plantation models to modern, agribusiness-oriented frameworks.
- Enhancing productivity by improving land utilization and increasing yield efficiency.
- Aligning the 2024–2025 strategic roadmap with key SDG targets, including Zero Hunger, Good Health and Well-Being, Gender Equality, Clean Water and Sanitation, and Decent Work and Economic Growth.
- Building strong partnerships with external stakeholders to effectively achieve these strategic goals.



**Diversity, Equity and Inclusion (DEI) : The Foundation for our Future**

GRI 13.15

At KVPL, we are proud to lead an industry shaped by a richly diverse workforce spanning generations, genders, ethnicities, religions, educational backgrounds, and socioeconomic contexts. This diversity is one of our greatest strengths and a cornerstone of our Human Capital strategy. We have implemented inclusive policies and made targeted investments in Social Capital to foster a cohesive and collaborative ‘One Team’ culture across all levels of the organization. Recognizing and responding to the distinct needs, values, and aspirations of different demographic groups particularly across age cohorts is vital to our ability to attract, retain, and develop talent. By embracing this diversity, we not only promote equity and inclusion but also ensure the long-term resilience and sustainability of our workforce.



GRI 406-1, 13.15

\* There were no incident of discrmination reported during the year.



**Gender Equity**

Over the years, we have worked steadily to advance gender equity across our estate communities, recognizing the transformative impact of empowering women at every level of the organization. At KVPL, we believe that meaningful progress in gender equity goes beyond policies it requires a deliberate shift in perception, opportunity, and action.



One of the persistent challenges in the plantation sector has been the limited representation of women in supervisory and leadership roles at the estate level. Deep-rooted societal norms and long-standing perceptions have traditionally framed such roles as unsuitable for women. At KVPL, we are actively dismantling these barriers and championing a more inclusive future.

We are encouraged by the growing interest of women in joining the workforce. Notably, 65% of the applications we received this year via leading recruitment portals such as TopJobs.lk were from women. This positive trend signals a shift in attitudes and fuels our optimism for a more diverse and inclusive workforce in the near future.

Across our estates, many women are stepping into new and meaningful roles. At the Pedro Tea Centre, one of our team members has seen her responsibilities grow from conducting tours to representing the estate at events and meetings, where she highlights our sustainability initiatives and community engagement efforts. This sense of recognition and trust has deepened her pride in her work and inspired her to take on greater responsibilities becoming a visible example of leadership and empowerment in action.



Similarly, on Batalgalla Estate, a female team member who began as a young harvester has risen through dedication and skill development to become a respected supervisor. She worked diligently to improve her communication abilities, including learning English, to better connect with both workers and estate management. Despite early doubts from others about a woman taking on a supervisory role, her determination and commitment have enabled her to lead with confidence, proving that women can thrive and lead in any area of estate operations.



These examples reflect our broader commitment to creating a supportive environment where women can grow, lead, and shape the future of our industry.



**Supporting Women’s Health and Hygiene**

Empowerment also begins with ensuring that basic needs are met. Recognizing the essential link between wellbeing and workforce participation, KVPL continues to prioritize women’s health and hygiene as part of our broader community development efforts. Through medical clinics and facilities and targeted awareness programmes, we have long promoted health, menstrual hygiene and healthy practices among our female workforce.

In the previous financial year, we identified a critical need to improve access to hygiene infrastructure for female workers, many of whom spend long hours in the field, far from adequate facilities. In response, KVPL launched an initiative to construct low-cost, eco-friendly hygiene stations using sustainable bamboo. These stations offer privacy, dignity, and a safe space for women marking a significant step forward in supporting their health and enhancing workplace conditions.



Furthermore, KVPL’s commitment to the *Mother & Child-Friendly Seal of Approval* reflects our ongoing dedication to promoting gender equality and safeguarding the wellbeing of women and children. This initiative also involves continuous assessment of the social impact of our operations, ensuring that our practices support and uplift the most vulnerable members of our estate communities.



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.



**Training & Development**

GRI 404-2

KVPL places a high priority on creating a learning-driven workplace, offering continuous opportunities for employees to enhance their skills and expertise. KVPL’s structured T&D programs are tailored to three key employee segments Executives & Management, Staff, and the Operational Workforce ensuring that each group receives relevant, targeted training. These programs cover a wide spectrum of competencies, including both technical and soft skills, enabling employees to thrive in their current roles while preparing for future growth.

To ensure effectiveness, KVPL conducts thorough needs assessments and observational studies to identify training priorities. Training needs are identified through a multifaceted approach that ensures relevance and alignment with both organizational goals and employee development. For executives and above, the Oracle system is utilized to assess and track training requirements. For non-executive employees, feedback is gathered through structured Employee Satisfaction Surveys. Suggestion boxes are also strategically placed to collect direct input from employees at all levels, encouraging open communication. In addition, the organization participates in the Great Place to Work survey to gain broader insights into workplace culture and employee expectations. Performance evaluations further contribute to identifying individual and departmental training needs enabling a targeted and effective T&D strategy.



Furthermore, strategic collaborations with local and international universities, professional training bodies, and global experts provide KVPL with the resources needed to nurture a truly knowledge-driven organisational culture.

The year also included overseas training in Japan, Thailand, India and Malaysia. A select group of 4, comprising Managers, Assistant Managers and Executives from across our locations were able to participate in the Japan Sri Lanka Technical & Cultural Association (JASTECA) Management Development Programme held in Thailand, in March this year. The participants were also afforded an invaluable opportunity to visit the Toyota and Yamaha manufacturing facilities in Thailand a rare privilege for which we are deeply grateful to our Japanese partner -JASTECA who facilitated the experience. The training under the themes of Idealized Influence of Transformational Leadership to Inspirational Motivation of Millennials also included insights into essence of Japanese management techniques such as Kaizen, 5 S the Toya Way Production Systems (TPS) Lean Management, Total Quality Management (TQM), and leadership development. This exposure provided our team with first-hand insights into world-class operational excellence and leadership practices that continue to inspire and shape our own management approaches.

Another overseas Training programme sponsored by JASTECA enabled of our Managers to embark on a Study Tour to Japan where they gained valuable knowledge on themes such as Business and Innovation and Corporate Management.

A Netherlands Government -sponsored study tour to the Coffee Research Institute and a model Agroforestry project in Karnataka, India provided our Head of Sustainability with valuable first-hand insight into the successful implementation of an integrated agroforestry model. This exposure offered practical learning on how multi cropping and the Agroforestry model can be a Triple Bottom Line initiative, environmentally sustainable practices can be effectively aligned with commercial agriculture.

In line with the Company's "Knowledge-Centric Culture" our investments into T&D this year, reached the highest in the Company's history, and is detailed below.



**66,016**

Highest ever training head count

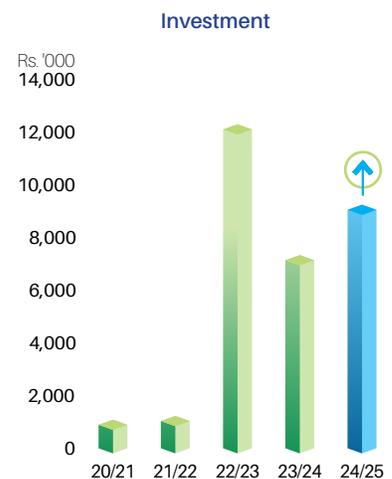
**91,038**

Highest ever training person hours

**12.2**

Highest ever training person hours per person

Training Investment Comparison	
Year	Investment
2020/21	864,429.30
2021/22	1,020,459.00
2022/23	12,041,746.73
2023/24	7,092,551.67
2024/25	9,013,492.84



Year	Training Head Count	P/Hours	% P/Hours Over Previous Year
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
2024	66,016	91,038	14.87

Category	Head Count			P/Hours			P/H Per Person		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Managerial	278	56	334	966	78	1,044	14.0	13.0	13.9
Executive and Junior Executive	792	1	793	1262	3	1,265	70.1	0.3	45.2
All Other	21,208	43,681	64,889	33,531	55,198	88,729	9.4	14.7	12.1
All	22,278	43,738	66,016	35,759	55,279	91,038	9.7	14.7	12.2

Average Training Hours

GRI 404-1

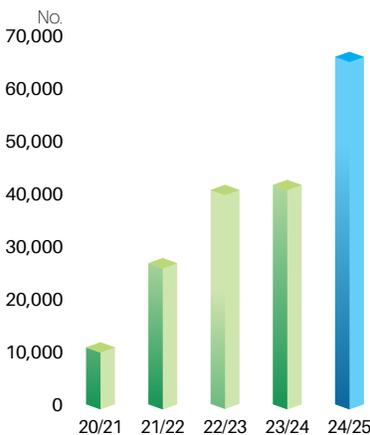
Gender	Male	Female
	9.7	14.7

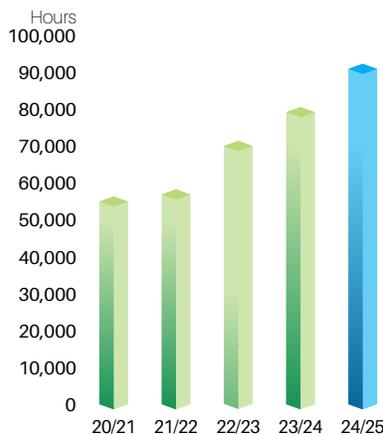
Designation Wise	Male	Female
Managerial	13.92	13.92
Executive	45.18	45.18
All Other	12.10	12.10



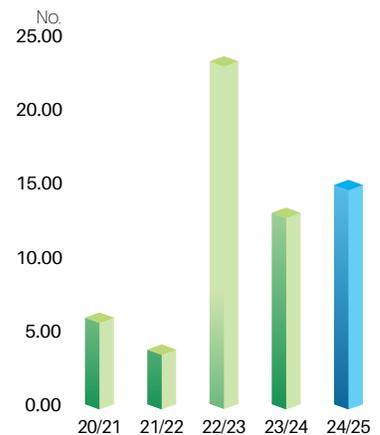
Training Head Count



P/Hours



P/Hours Over Previous Year



## Specialized Training to Sustain the Agro Forestry Project

### Training Programme

- Introduction to Agroforestry
- Socio-economic and Ecological aspects of Agro Forestry in Tea Plantations
- Soil- Water- Land Management in Tea based Agroforestry system.
- Impact of Leadership in successful implementation of Agroforestry in Plantations.
- Communication Skills Development programme for Tea based AF system.
- Need of EESG- Sustainability Framework for Tea based Agroforestry Systems in Plantations.
- Marketing Skills Development for AF based products & AF based business diversification models.
- IT and digitalization process implementation for effective data management and decision making process in AF systems
- Product Development Training sessions with Certifications & Compliances – Kithul and Bees' Honey



We are committed to ensuring that our Training and Development (T&D) programs achieve their intended impact by actively seeking feedback from both management and employees. This collaborative approach allows us to maintain a well-rounded understanding of workplace dynamics. Our employee surveys consistently receive high response rates, reflecting strong engagement and a genuine interest in shaping the

organization's future. The insights gathered from these surveys are instrumental in evaluating employee satisfaction, pinpointing areas for improvement, and guiding strategic decisions to enhance the overall work environment. By genuinely listening to our employees, we foster a more responsive, inclusive, and empowering workplace culture.

Training focus for the next two years to ensure our people are Future Fit

- **Programs for Leadership Growth:** Focused development initiatives aimed at strengthening the skills and capabilities of middle management.
- **International Training Opportunities:** overseas training programs to enhance employee skills and global perspectives.
- **Integrating AI into Operations:** Incorporating Artificial Intelligence (AI) into business operations, accompanied by related training for all employee levels.
- **Digital Tools and Platforms Implementation:** Deploying digital technologies and platforms designed to enhance operational efficiency, improve data analytics, and streamline decision-making processes.
- **Employee Well-being Initiatives:** programmes aimed at supporting employees' physical and mental health, stress management, and fostering a balanced work-life experience.
- **Mentorship and Coaching Programs:** Establishing mentorship and coaching systems to guide employees in their professional development and career growth.
- **Exploring Automation and Technological Solutions:** Investigating and implementing new technologies and automation tools to optimize business processes and boost productivity.



### The Revenue Share Model

In 2021, KVPL introduced a groundbreaking Revenue Share Model (RSM) that redefined the traditional estate wage structure. Moving away from the conventional attendance-based pay system, this model was designed to empower estate workers as independent entrepreneurs, giving them the freedom to earn based on output rather than hours worked. Under this initiative, designated plots of land within each estate are allocated to selected individuals known as "Block Managers", who are entrusted with the cultivation of tea.



This innovative model encourages greater autonomy and ownership, as Block Managers often working alongside their families take responsibility for managing and harvesting their assigned blocks. This family-inclusive approach not only strengthens community bonds but also drives higher levels of motivation and productivity. To ensure stability and success, KVPL supports the model with a guaranteed buyback arrangement, integrating these small-scale entrepreneurs directly into the Company's green leaf supply chain.

Through the Revenue Share Model, KVPL is elevating livelihoods, promoting dignity in work, and building a more inclusive and sustainable agricultural economy. It stands as a testament to KVPL's commitment to shared value creation and long-term socioeconomic resilience within its plantation communities.

We promote the Revenue Share Model by

- Continuously educating the public on the benefits of RSM benefits.
- Continuously engaging RSM members
- Ensuring timely payment of dues to RSM owners.
- Raising awareness of RSM benefits through media campaigns.
- Encouraging retired and unemployed individuals to consider RSM as a source of income.



## Performance Management



KVPL has a comprehensive, technology-driven Performance Management System (PMS) that spans all tiers of its workforce executive, non-executive, and manual staff. As a pioneering move in the plantation sector, KVPL became the first to adopt Oracle Fusion HCM, a globally recognized Human Capital Management platform. This advanced system supports strategic alignment by integrating Goals and Performance Management modules, enabling clear translation of organizational objectives into individual and team goals through Key Performance Indicators (KPIs) based on the Balanced Scorecard methodology.

These KPIs emphasize learning, internal processes, financial success, and customer engagement. The PMS operates on a semi-annual review cycle, setting targets at the start of the year and assessing performance periodically to maintain a continuous feedback loop. This not only encourages ongoing development but also ensures that performance-based rewards, career progression, and incentives are grounded in accurate and timely data. For executive-level staff, performance evaluations are further reviewed by a high-level committee including the Managing Director, CEO, Operational Directors, Department Heads, and the Head of HR. They are also mentored for career planning with exceptional performers identified and offered targeted career planning. The top performers are offered specialized training in leadership and management. Furthermore, the top performers also gain on-the-job exposure for higher career responsibilities.

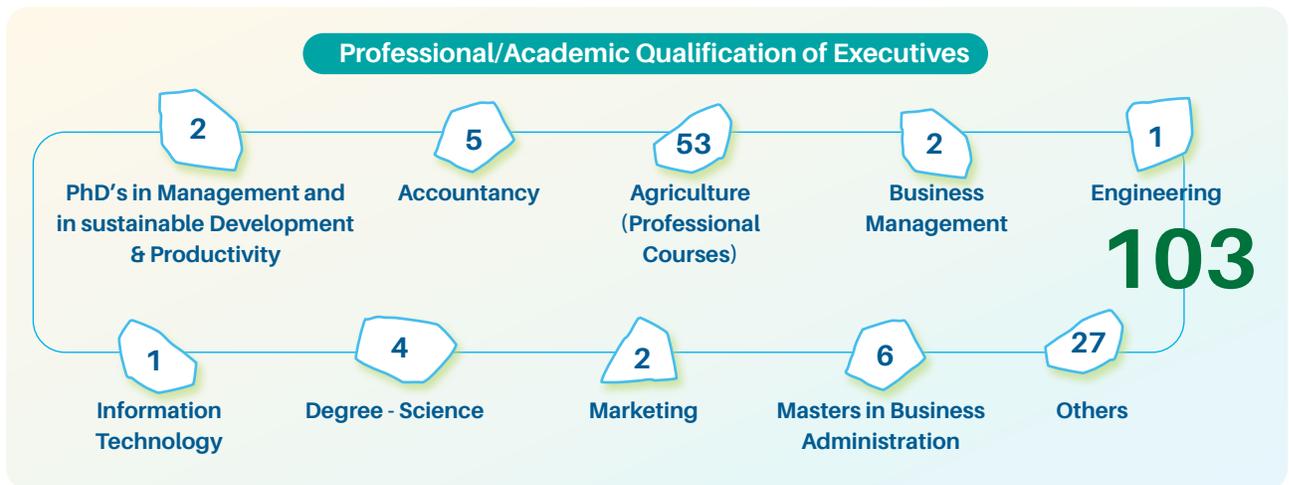
For Senior Management roles, including the CEO, the Board plays an active role in succession planning and leadership development. At the operational level, KVPL has introduced real-time digital performance tracking through innovative weighing scale systems for manual tea harvesters enhancing both transparency for worker and efficiency. This digital interface allows workers to access their individual performance records instantly, giving them a clearer understanding of their earnings and opportunities for recognition. KVPL's integrated PMS reflects its commitment to meritocracy, transparency, and inclusive growth, making it a benchmark in workforce management within the plantation industry.

Harnessing Technology to enhance performance Management -Empowering Field Workers through Digital Performance Monitoring.





Building on the success of introducing digital tea weighing scales in 2022, we achieved another milestone, the first plantation company to implement a digital weighing system for rubber tapping. With real-time online data, the performance of tea harvesters and rubber tappers is now tracked digitally, replacing manual weighing and data entry. This shift enhances decision-making with accurate, instant data for the company, while employees gain transparency over their KPIs, easy access to harvest records, and clearer recognition for outstanding performance.



#### Creating and Harnessing a Knowledge Driven Culture

In the year under review, KVPL took another step forward toward building a knowledge-driven culture through active participation in an international competition organized by the United Nations Global Compact (UNGC). A cross-functional team comprising members from our Sustainability, Environmental Sustainability, and Human Resources Divisions volunteered to represent the Company. The competition challenged participants to conceptualize and implement a project that would meaningfully contribute to corporate sustainability. National-level winners qualified to present their projects on the international stage.

KVPL's entry focused on training local youth to serve as eco-tour guides for the Halgolle Intellectual Tourism and Biodiversity Research Centre an initiative that embodies sustainability in action. In collaboration with experts from the International Union for the Conservation of Nature (IUCN), KVPL trained 10 youth in the age groups of 20-25 years, in key disciplines such as Biodiversity, Agroforestry, Forestry, Climate sustainability, Geology and Archaeology. In addition to serving as Eco-tour guides these individuals are also expected to contribute to Agroforestry research, New product Development and Community Engagement.

The project exemplifies a truly sustainable Triple Bottom Line model - it would support biodiversity conservation, create employment opportunities that uplift local youth socio-economically, and generate foreign exchange earnings for both the Company and the national economy through tourism. Moreover, by providing meaningful employment within their own communities, the project helps retain plantation youth who might otherwise seek jobs in sectors such as apparel and retail, preserving local talent and strengthening community resilience. In addition, the project is designed to promote local culture and products, a new profession within the plantation sector, and sustainable tourism, and increase access to scientific knowledge. As part of their submission, the team conducted a thorough SWOT analysis and identified the project's key strategic elements using the 4P framework (Product, Price, Place, Promotion), ensuring a robust foundation for long-term success.



GRI 404-3

At KVPL, 100% of employees across all categories participate in regular performance and career development reviews, underscoring our commitment to continuous growth and accountability at every level. A key feature of our approach is the "You are Identified" initiative an innovative system that leverages real-time operational data to monitor, recognize, and reward the contributions of our operational workforce. This program is powered by KVPL's advanced digital infrastructure and ensures that every employee's performance is both visible and valued. Notably, tea harvesters have the opportunity to be recognized as the "Best Harvester of the Month" at their respective estates, a distinction accompanied by a certificate of achievement personally signed by the Managing Director. This blend of data-driven management and personal recognition exemplifies our holistic approach to employee development and motivation.



Succession Planning: Meritocratic and Transparent : For Future Ready leadership

At KVPL, succession planning is firmly rooted in meritocracy and transparency, forming a cornerstone of our long-term organizational resilience.



As a leading plantation company with a broad operational footprint, KVPL places strategic emphasis on mentoring and succession planning. The Board actively engages in the identification and development of future leaders, particularly at the senior management level. High-performing executives are identified through a robust performance management system and are provided with structured mentoring by both senior and middle management. This is complemented by targeted career development plans. These top-tier performers are further supported through specialised leadership and management training, as well as on-the-job experiences, effectively preparing and empowering them to assume greater responsibilities within the organisation.

The majority of vacancies are now filled through internal promotions, reflecting our strong commitment to nurturing in-house talent. External recruitment is selectively undertaken only to bridge critical skill or expertise gaps.

Clearly defined and well-communicated career pathways, combined with robust talent development initiatives, have enabled numerous staff-level employees to rise to executive positions. Once at the executive level, employees face no external limitations in progressing to the highest echelons of leadership, including the role of Chief Executive Officer.

By fostering an environment where meritocracy flourishes, we empower the next generation of leaders particularly young professionals with the opportunity to bring fresh thinking and forward-looking strategies to both corporate and estate management.



## Commitment to Child Protection and Sustainable Development

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



Kelani Valley Plantations PLC (KVPL) maintains a strict policy across all its estates prohibiting the employment of individuals under the age of 18. In 2007, KVPL became the first plantation company to join the United Nations Global Compact (UNGC), committing to its 10 Principles, including those on Human Rights, Anti-Corruption, Child Labour, and Environmental Protection.

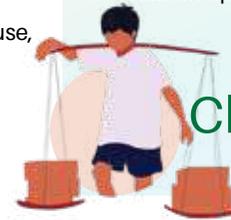


The policy has been rolled out across all KVPL estates, focusing on improving maternal and child health, nutrition, sanitation, and education. Key initiatives include the establishment of feeding corners in crèches and programs to enhance the productive time of mothers.

As a result of these initiatives, selected KVPL teas now carry the “Mother & Child Friendly Tea” label, symbolizing the Company’s commitment to social responsibility and community well-being. The programme reflects KVPL’s belief that strengthening child protection and maternal care not only uplifts estate communities but also contributes to sustainable business performance.

Through the adoption of the policy and its 15 principles, KVPL remains fully committed to protecting all children within its estates from harm, violence, abuse, and 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 13.21, 401-2 & 3

All employees at KVPL, irrespective of their job grade, are entitled to legally mandated benefits. However, certain benefits are exclusively available to permanent female employees and are not extended to those in temporary or part-time roles. These include maternity leave in accordance with labor law provisions and flexible working hours to support nursing mothers. Current labor legislation generally does not provide for paternity leave.

While these specific benefits are designed to address the unique needs of permanent female staff, KVPL remains committed to promoting fairness and equitable treatment for all employees, in line with legal standards and company policies.

Our benefits and compensation framework is structured to remain competitive and fair. As an equal opportunity employer, KVPL ensures gender parity in entry-level salaries, maintaining a 1:1 ratio between male and female employees. For our estate workforce, wages comply with the Wages Board Ordinance, guaranteeing a minimum daily wage of Rs. 1,000/- per worker. In addition to this base wage, employees may receive variable allowances, which are determined by management based on the nature and complexity of tasks performed.

Approximately 98% of our estate workforce, categorized across five employment groups, are unionized. These unions play a significant role in representing employees on matters such as incentive structures and annual salary increments. In contrast, the salaries and benefits of Executive-level employees are determined by individual performance evaluations.



Maternal Leave Facets	Number	% of Female Employees
Female employees	3,761	51
Maternity leave availed	2,780	37.41
Returned to work after maternity leave	41	0.6
Resignations after maternity leave	0	0
Total Currently on maternity leave	14	0.2
Retained after 12-months of return from maternity leave	86	1.2
Return to work rate (%):		100%
Retention rate after 12 months of return to work (%):		100%

Statutory Payments & Staff costs	2024/25 Rs'000	2023/24 Rs'000
Defined contribution plan costs ( EPF/CPPS/ESPS & ETF)	447,734	399,455
Defined benefit plan cost ( Retirement benefit obligations)	225,988	259,891
Salaries & Wages and other staff costs	3,988,044	3,218,808
Staff training & development cost	6,429	4,822

#### GRI 401-3

All our female employees are entitled to maternity leave whilst as per the Sri Lankan labour laws, our male workers are not entitled to paternity leave.

#### GRI 401-2

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	●	●	●	●			

GRI 13.3, 13.16, 13.25, 13.26

**KVPL’s HR policies which shape “A Great Place to Work”**

At the heart of our Human Resources model are the principles of equity, meritocracy, employee safety, health and well-being, work-life balance, and the realization of both individual and organizational potential. We remain deeply committed to upholding these values, recognizing that the policies we adopt and sustain are vital to fostering a supportive and high-performing workplace culture. These policies, many of which are aligned with the best practices of our parent company, Hayleys Group, are continuously reviewed, strengthened, and adapted to meet evolving needs. Our ongoing efforts to enhance ESG (Environmental, Social, and Governance) awareness have further reinforced the understanding and appreciation of these principles across all levels of the organization, empowering employees to engage with them meaningfully. The policies in place:

- 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
- Anti-Corruption 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
- Gender Policy
- Social Policy

GRI 205-1, 205-2

All KVPL operations are regularly assessed for risks related to corruption as part of our enterprise risk management process. We follow the Hayleys Group’s Anti-Corruption Policy, which is communicated to all employees and relevant stakeholders. Training on anti-corruption practices is provided to key personnel to ensure full awareness and compliance.



**Occupational Health & Safety (OHS) and Wellbeing**

GRI 13.19, 403:5, 403:6, 403:8      FB-AG-320a.1

At KVPL, we recognize and actively manage the occupational health and safety risks inherent in both our field and factory operations. In our plantation fields, workers may face hazards associated with the use or mishandling of tools and equipment, as well as environmental threats such as venomous snakes, wild boars, and hornets. In our factories, risks primarily involve machinery handling, potential fire hazards, and exposure to dust all of which are common across the agricultural sector.

To mitigate these risks, KVPL has implemented clearly defined safety protocols at all operational sites, including plantations and processing facilities. Safety training is a mandatory component of our onboarding process for all new recruits and is reinforced through continuous, ongoing training programs for all employees. These initiatives are integral to our safety management system and reflect our commitment to maintaining a safe and healthy work environment across the company’s operations.

During the year we updated the term *Occupational Health and Safety to Health, Safety, and Wellbeing* to more accurately reflect our long-standing commitment and the breadth of initiatives we’ve undertaken over the years. At KVPL, Human Capital Management extends far beyond managing the individuals on our payroll it encompasses the broader community of individuals who live on our estates, including the families of our workforce.

Recognizing this, our welfare programs are designed not only to benefit employees but also to positively impact their families and enhance overall community wellbeing. A flagship example is the Home for Every Plantation Worker initiative an industry-first program that goes beyond simply providing housing. It integrates vital components such as healthcare, education, sanitation,

and overall quality of life, supporting a plantation community of over 58,000 people.

KVPL was also the first Regional Plantation Company (RPC) to implement a dedicated Child Policy and earn the Mother and Child-Friendly Seal, underscoring our deep-rooted focus on wellbeing, dignity, and long-term development for all our stakeholders. These initiatives reflect our holistic approach to nurturing both our workforce and the wider estate community.



Best OSH Practices 2024 (PHDT) Ederapola Estate

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.

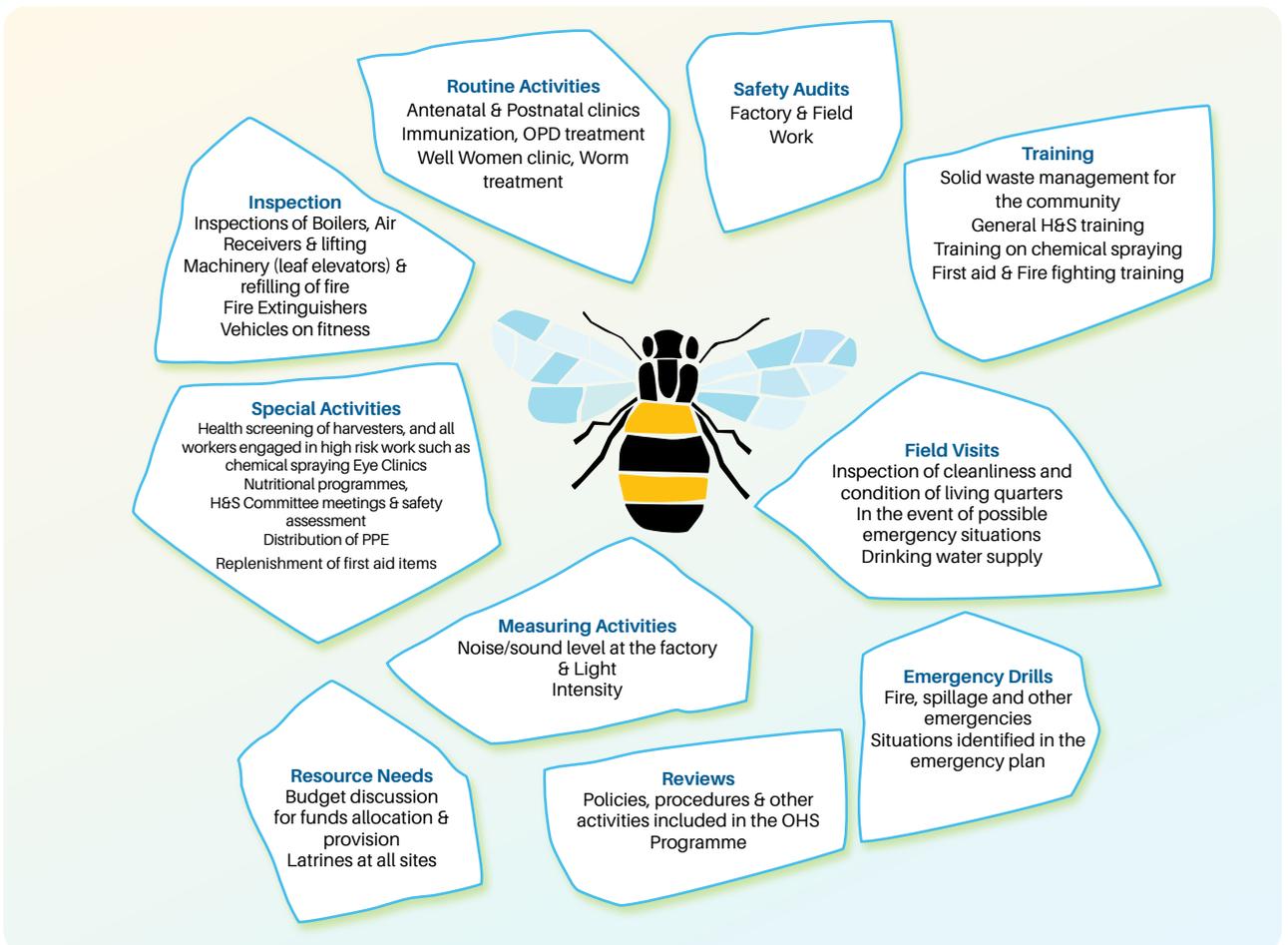


An annual health and wellbeing plan is prepared after identification of relevant risk factors and the Committees implement the following to minimize risks to worker and visitor health and safety:

- 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.

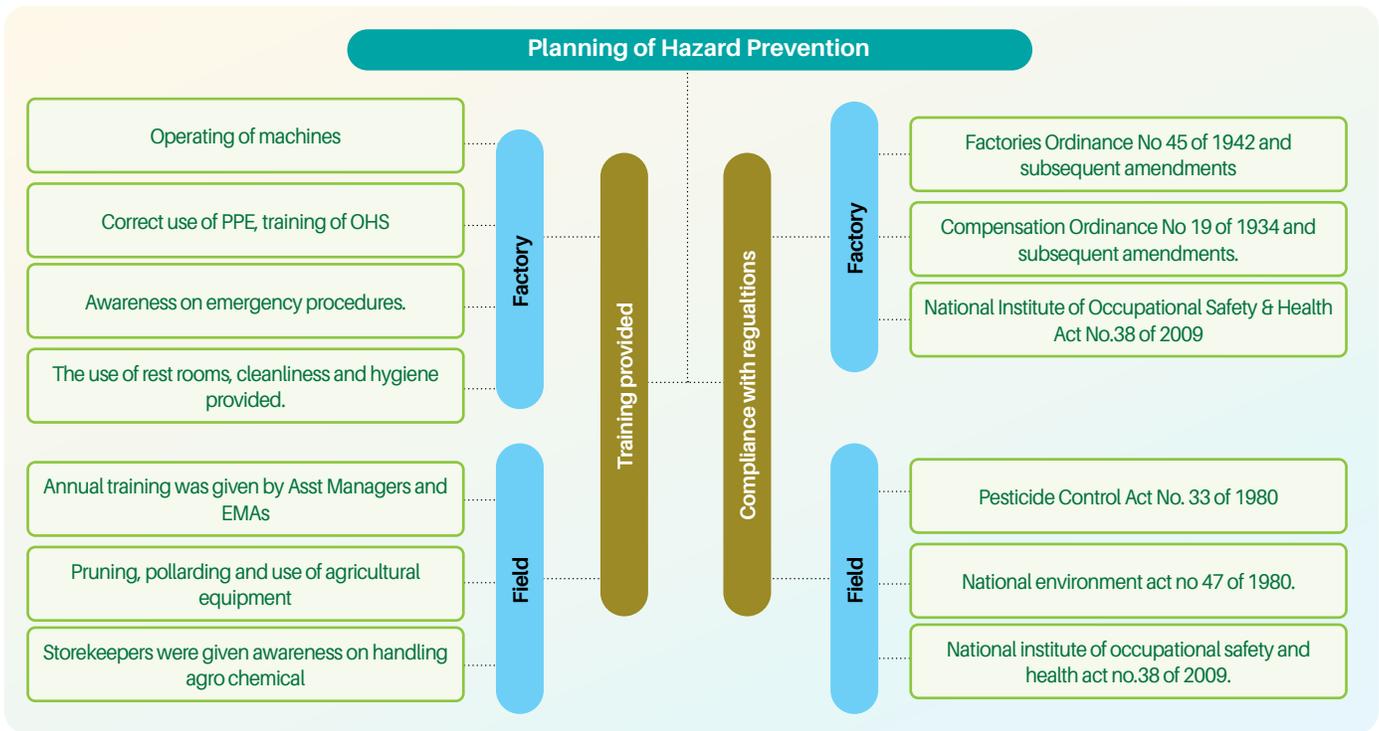
### At a Glance: Health, Safety and well-being Activities

GRI 403:3, 403:5, 403:6



Probable Occupational Hazards as Identified at the OHS Risk Assessment

GRI 403:1-8



GRI 403: 2

Hazard	Person at risk	Risk Rating			Risk Factor	Existing control measures
		P	E	S		
<b>Factory</b>						
Accidents caused by machinery (rotating parts and sharp edges) (Physical)	Machine operators	2	2	4	M	Use of safety signage Trained workers Dangerous parts are guarded
High Noise in machine (Physical)	Mechanic / machine operators	2	3	4	M	Installed enclosures Use of PPEs is mandatory
Poor illumination (Physical)	All workers	1	3	3	L	Improvement of Illumination
Fluff level (Physical)	Dry workers	1	3	3	L	Use of PPEs is mandatory
<b>Boiler, Air Receiver &amp; Pneumatic Hydraulic Vessel</b>						
Explosion cause heavy damage. (Physical)	Operator and all round it.	2	5	10	H	Provide PPE's, training and inspection
<b>Fire Safety</b>						
In case of a fire (Physical)	All workers and property	2	3	6	M	Fire extinguishers provided & procedure implemented Fire team is formed & training provided
<b>Chemical Spraying</b>						
Agro application (chemical)	Chemical sprayers Community	2	3	6	M	Use of PPEs is mandatory, bathing facilities given Health screening done

P - Probability (How likely is the hazard to occur?)

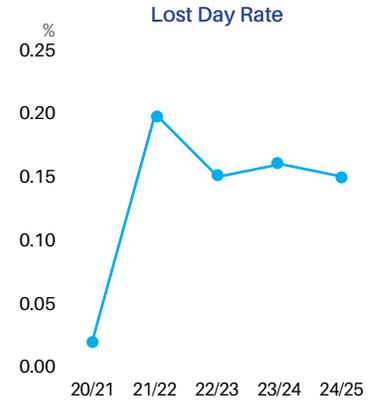
E - Exposure (How often are people exposed to the hazard?)

S - Severity (What is the potential severity of harm?)

GRI 403-9

Occupational Health & Safety Record - KVPL - 2024/25

Type of Injury	Number	Company Total %
Injury Rate (IR)	112	0.13%
Occupational Disease Rate (ODR)	8	0.01%
Lost Day Rate (LDR)	122	0.15%
Absenteeism Rate (AR)	208,000	12.5%
Work-related fatalities	-	0
Workers in high-risk situations	-	N/A

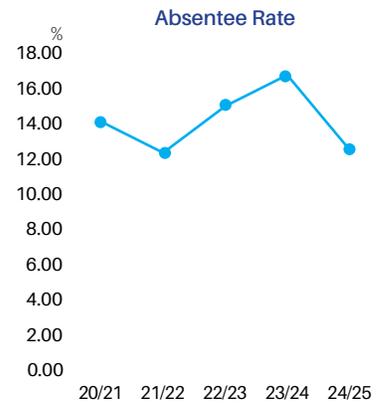


GRI 13.6, 403-5

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

We are fully committed to minimizing the health and environmental impacts of pesticide use. To safeguard our employees who handle agrochemicals, we have implemented a comprehensive safety framework designed to reduce risk and promote well-being. We ensure that our employees who handle and use pesticides are protected from any risks via the following:

- Annual health and safety training sessions tailored specifically for pesticide handlers,
- Mandatory medical checkups to monitor their health.
- Personal Protective Equipment (PPE) to ensure safe application practices.
- Bathing facilities and first aid kits for spraying teams to address any immediate exposure risks.
- Pesticide label instructions and first aid measures are clearly displayed in local languages at every chemical storage site.



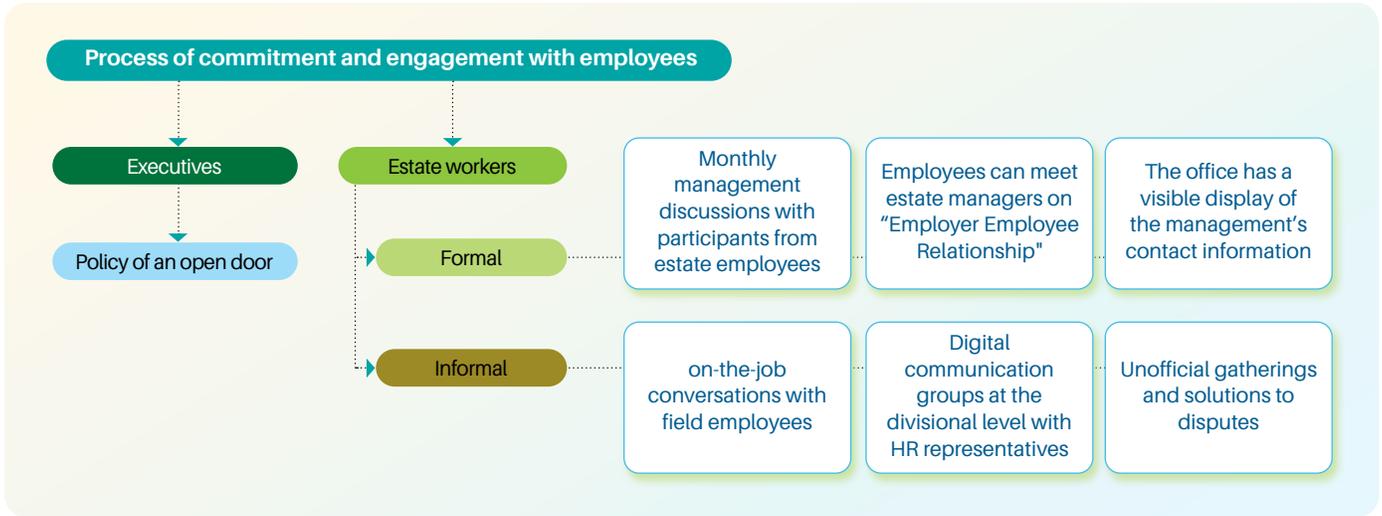
Communication & Engagement

KVPL fosters an open and inclusive workplace culture that emphasizes transparent and consistent communication. Employee engagement is facilitated through a blend of formal and informal channels, ensuring both effective information flow and a strong sense of community.

Formal communication methods include scheduled meetings across all levels of the organization, ad hoc meetings as needed, and two-way communication via email. Additionally, notice boards and an internal newsletter serve as one-way communication tools to keep employees informed of important updates and developments.

Beyond these structured methods, KVPL actively promotes informal interactions that enhance team spirit and employee well-being. These include annual sports meets, cultural and religious celebrations across our estates, as well as staff outings, social gatherings, and commemorations of events such as International Women’s Day, Children’s Day, and Earth Day. Such activities play a vital role in strengthening team cohesion and nurturing a positive work environment.





**3 GOOD HEALTH AND WELL-BEING**  
**GRI 2-25**  
**Grievance Handling**



At KVPL, our Grievance Handling Policy outlines clear procedures for individuals to seek redress for any unfair or harmful conduct committed by an employee or the Company. On our estates, grievances are primarily addressed during weekly meetings held every Wednesday. These regular gatherings serve as an open forum for both employees and management to discuss concerns, ensuring timely and transparent communication. Managers or Assistant Managers are authorized to resolve issues immediately where possible, while more complex matters are swiftly referred to the Head Office for further action.



Employees are fully informed of the multiple avenues available to raise complaints. These include approaching their immediate supervisors, using suggestion boxes, or contacting senior management either verbally or in writing. A specially designated grievance committee formed based on qualifications such as relevant industry knowledge, impartiality, accessibility, and gender sensitivity handles grievance review. To ensure ease of access, committee contact details are prominently displayed in areas like Muster sheds for manual workers and are shared via internal communications with executive staff.



In addition to the Head of HR, both estate-level executives and non-executives have direct access to HR leadership to raise any work-related or personal concerns. This open-door approach reflects our commitment to fostering a positive and productive work environment.

KVPL is firmly dedicated to fair and just grievance handling, as evidenced by our principles:

- Taking all discrimination complaints seriously
- Conducting comprehensive and impartial investigations
- Responding promptly and effectively to those affected
- Safeguarding confidentiality in grievance documentation
- Ensuring all individuals are treated with fairness and respect

This policy underscores our deep commitment to resolving grievances constructively and maintaining a workplace where every voice is heard.



### Sexual Harassment

At KVPL, where women form the majority of our estate workforce, we are deeply committed to ensuring their safety and dignity at work. Preventing sexual harassment, assault, and any related misconduct is a top priority. Our Human Resource Management (HRM) practices are in full compliance with legal standards and address all forms of harassment verbal, psychological, and physical. Any action that causes discomfort, fear, or offense is treated with utmost seriousness and addressed promptly.

To uphold our zero-tolerance stance, KVPL has formed a dedicated Anti-Sexual Harassment Oversight Committee. This body takes a proactive approach to both prevention and response, managing complaints related to inappropriate sexual behavior, such as unwelcome advances, suggestive remarks, physical gestures, or coercive requests.

The committee works closely with senior management to implement a comprehensive strategy aimed at fostering a harassment-free environment. A strong emphasis is placed on awareness and education. Employees are regularly briefed on unacceptable behavior and their responsibilities in maintaining a respectful workplace. Visual reminders like posters in common areas, printed educational materials, and recurring awareness sessions reinforce this message across the organization.

When handling a complaint, the committee follows a fair, confidential, and methodical process, which includes:

- Recording the details of the complaint accurately and thoroughly
- Ensuring confidentiality and impartial treatment for all involved
- Clearly communicating the policy framework and the rights of each party
- Providing both informal and formal resolution pathways based on the nature of the issue
- Carrying out internal investigations with transparency and maintaining detailed records
- Protecting the complainant from any form of retaliation, ensuring a safe reporting environment

By promoting awareness, fostering accountability, and creating safe spaces, KVPL continues to champion a culture of respect and equality—both within our organization and in the communities we serve.



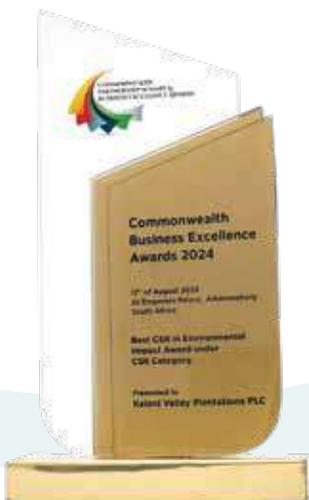


**Recognition of our passion and performance  
celebrated across  
National and Global platforms**

“  
Rooted in respect and trust, our relationships form a vibrant social mosaic that connects communities, partners, and stakeholders in shared value.”

# Social & Relationship Capital

**1 + 1 = 3** is a classic definition of a “synergy” effect- when the whole becomes greater than the sum of its parts. At KVPL, this concept defines our approach to building and sustaining relationships.



Commonwealth Business Excellence Awards 2024 Best CSR in Environmental Impact - CSR Category

Our long-standing partnerships many spanning decades are built on trust, shared purpose, and a mutual commitment to creating value. They are designed to unlock win-win outcomes, combining complementary strengths, expertise, and resources for synergistic value creation. This collaborative spirit has allowed us to not only meet today's needs but to anticipate tomorrow's expectations of the market, our customers, our employees and the natural environment. It has also strengthened the interconnectivity of our capitals, reinforcing how our social, natural, and intellectual assets work together to drive long-term performance.

At the core of our Social Capital lie intangible assets such as shared values, knowledge, trust and reputation, earned through our steadfast commitment over the decades. The list of our partnerships reflect the diversity of our sustainable efforts over the years and highlight the importance we have placed on acquiring new knowledge well ahead, as a key to being more than future ready but “Future Fit”.

## Community

KVPL's operations extend to 7,432 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.

## The Selection of Social Sustainability Initiatives

The selection and implementation of social sustainability initiatives are deeply embedded within KVPL's strategic planning framework. Every four years, we develop a comprehensive strategic plan through structured brainstorming workshops that include team members across all organizational levels from top executives to field workers. Ideas related to social wellbeing, community development, and workforce empowerment are actively encouraged during these sessions. All proposed initiatives are carefully evaluated based on their potential to address community needs, promote equitable growth, and align with our long-term organizational goals.



Each project is prioritized through a transparent idea-mapping process, where insights are not limited by hierarchy. We assess these ideas in the context of our strengths, community relationships, and potential areas for positive impact. The Managing Director’s open communication policy plays a key role in ensuring that grassroots feedback informs high-level decision-making. Once social sustainability projects are selected, they are integrated into our operational plans, assigned clear ownership, and monitored through well-defined Key Performance Indicators (KPIs). Monthly reviews by the Group Management Committee and the Board of Directors ensure that project outcomes remain aligned with our mission and values. By embedding social sustainability within our strategic direction, KVPL cultivates a culture of accountability, innovation, and long-term impact for both the business and the communities we serve.



## “A Home for Every Plantation Worker”

Our holistic community upliftment initiative in its 18th year



GRI 13.12, 203-1, 203-2, 413-1, 13.9.1



In 2006, KVPL launched this transformative initiative with a simple yet powerful goal: to ensure that every plantation worker has a place to call home. Since then, KVPL has supported 19,578 workers in making homeownership a reality. This flagship program is designed to support sustainable homeownership among our plantation communities, providing a foundation for stability, dignity, and improved quality of life. It stands as a benchmark in the sector, highlighting the company’s proactive role in addressing critical social needs while fostering deeper engagement between our customers and the communities behind our products.



In alignment with KVPL’s values of shared prosperity, we continue to finance this initiative through the sale of our single-origin tea products. Each pack bearing the “A Home for Every Plantation Worker” logo contributes Rs. 1.50 per kilogram directly to the housing fund, allowing consumers to become active participants in our mission of community upliftment.

During the year, KVPL continued to engage in the holistic development of its internal community comprising employees and their families residing on the estates through a series of impactful initiatives. These projects, both ongoing and newly introduced, were strategically aligned with four key focus areas: Living Environment, Health & Nutrition, Community Capacity Building, and Youth Empowerment. Each initiative was designed to enhance quality of life, foster resilience, and build long-term value for our internal stakeholders.

In addition to our internal efforts, KVPL continues to proactively engage with external communities, fostering mutually beneficial relationships. This outreach is carried out across five key pillars, aimed at creating shared value and sustainable impact beyond our estates to the neighboring communities and the wider society.





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
- Child development centres
- 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

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
- 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 Socio-cultural collaboration with internal and external communities



Corporate Value Sharing

- Strategic collaboration with external intellectual hubs, universities & expertise and other institutions – exchanging practical & advanced knowledge/ community knowledge management initiatives
- Management symposium 2024
- Kelani Valley Plantations Technical Skills Development Program 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



GRI 413-1

KVPL has implemented community engagement, development programs, and social impact initiatives in 100% of our estate operations. These programs include our flagship "A Home for Every Plantation Worker" initiative, youth empowerment projects, and targeted capacity-building programs aligned to social capital goals.

As such, we confirm that 100% of our operational sites involve local community engagement and development programs.

Kelani Valley Plantations PLC		
CSR Summary (2024/2025)		
Description of work	Total	
Category 1 : Community Capacity Building	Details/ Programmes/ Units	No. of Beneficiaries
Sport Meet	3	18,355
Annual Trip	26	
Gender based Violence awareness programs for Men	23	
Gender based Violence awareness programs for Female	31	
Prevention of Alcoholism programs	18	
House hold cash management program	35	
Other	31	
Category 2 : Empowerment of Youth	Details/ Programmes/ Units	
Vocational Training		6,273
- Bridal & beauty care	4	
- Sewing classes	8	
- Other	15	
Training for Small Business Management	34	
English Classes for Estate Children	37	
Youth Clubs	36	
Children's Club	43	
No. of Scholarships	24	
University Students - Selected	68	
Category 3: Living Environment	Details/ Programmes/ Units	No. of Beneficiaries
New houses built (# units)	251	35,434
Access roads (km)	271	
Water schemes (No of units )	35	
Sanitation - toilets (# units)	34	
Play grounds (# units)	1	
Upgrading staff quarters (# units)	16	
Electrification (# housing units)	25	
Field rest room (# units)	38	
Factory rest room (# units)	4	
Any special projects (# units)	1	
Issuing gas cooker+cylinders		

Kelani Valley Plantations PLC		
CSR Summary (2024/2025)		
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)	155	127,941
Daycare extended to children (#days)	316	
Supplementary feeding program (# Children)	244	
Health & hygiene monitoring & intervention (# program)	231	
No. of mothers registered	180	
No. of pregnant mothers under care	125	
No. of participants for Antenatal Clinics/ Postnatal Clinics	227	
No. of Births	171	
No. of patients provided ambulance	15	
No. of patients Vehicle Transport	53	
Logistic support (km)	521	
Eye care operations		
- Cataract	13	
- Spectacles	25	
- Clinics	6	
Dental Clinics	16	
Children's Clinic	94	
Child Protection Programme/ Maternal Care	246	
Elder's Clinic	35	
Health Camps	14	
Ayurvedic Clinics	3	
De-Worming Programme	12	
Iron supplimentry program	35	
Oral Cancer Programmes	20	
AIDS awareness programme	12	
TB awareness programme	16	
Dengue awareness programmes	73	
Total no immunized (BCG, OPV, Penta, JE, MV, MR,Rubella, DT, TT, DPT, others)	340	
Annual CSR Investment (Rs.)		225,958,098



### Partnerships for People, Profit, and Planet

At KVPL, we believe that lasting impact comes through collaboration. Our sustainability initiatives are shaped by strong partnerships with communities, industry experts, and institutions ensuring shared value across social, environmental, and economic dimensions.

Reflecting our commitment to SDG 17, Partnerships for the Goals we continue to adopt a partnership-driven approach in enhancing our human, social, and natural capitals. These collaborations create synergies that support worker well-being, promote gender equity, drive innovation, and strengthen environmental stewardship.

Our Managing Director emphasizes that KVPL’s approach to sustainability is built on the belief that partnerships are essential to delivering long-term value for people, profit, and the planet.



Our Diverse Partnerships / Stakeholder Relationships	
Academic	
Local	University of Peradeniya
	Sabaragamuwa University
	Uva Wellessa University
	University of Ruhuna
	Schools within the estate and surrounding villages
International	Wageningen University & Research, Netherlands
	Jaggelonian University, Poland
Government Institutions	Ministry of Labor
	Plantation Human Development Trust
	Ministry of Plantations Industries
	Central Environmental Authority
	National Water Supply & Drainage Board
	Department of Wild Life Conservation
	Mahaweli Authority of Sri Lanka
	National Institute of Occupational Health & Safety (NIOHS)
	Divisional Secretariat and other legal entities
	Trade Unions
	The Mother & Child Friendly Seal for Responsible Business
	Sri Lanka Climate Fund
	Tea Research Institute (TRI)
	Rubber Research Institute (RRI)
	Other Government Institutes

Our Diverse Partnerships / Stakeholder Relationships	
Non Governmental	Wilderness & Wild Life Conservation Trust
International Organisations	International Union for the Conservation of Nature (IUCN)
	Sri Lanka red Cross Society
	United Nations Global Compact 9UNGC)
	UNICEF Sri Lanka
	United Nations Volunteers Sri Lanka
	United Development Programme
	United Nations Food & Agriculture Organisation
	Science Based Targets institute (SBTi)
Other overseas	Coffee Research Institute of India



### Economic Inclusion

GRI 13.22

KVPL promotes economic inclusion across our estates and surrounding communities by enabling equal access to employment, education, and entrepreneurial opportunities. Our initiatives include:

- Prioritizing local hiring and skill development for estate youth and women.
- Providing vocational training and small enterprise support for estate families.
- Facilitating access to financial literacy programs and savings schemes (e.g. Children’s Savings Programme).
- Supporting supplier diversity by engaging with community-based micro-suppliers where possible.

### Land and Resource Rights

GRI 13.13

KVPL respects the land and resource rights of local communities across all its operations. We strictly comply with national land laws and obtain legal ownership or leasehold rights for all estate lands. Any land development is carried out with community consultation to ensure transparency and protect traditional land use and access rights. No disputes related to land or resource rights were reported during the period.



**Prioritising Children in Our Communities**

In alignment with the fifth Principle of the UNGC mandate KVPL has implemented policies and continues to invest in projects and infrastructure to enhance maternal health and improve health, nutrition sanitation facilities, and education for children within estate communities. These include the establishment of feeding corners in CDC's, Children's Clubs and ensuring compliance with the country's laws regarding school attendance for all children under 16 and that disciplinary procedures adhere to international norms, ensuring a safe and nurturing environment for children.



**Pioneering Child Protection on Sri Lanka's plantations with the 1st Child Protection Policy**

In 2018, KVPL, in collaboration with Save the Children, became the first plantation company in Sri Lanka to implement a comprehensive Child Protection Policy. This milestone initiative is aligned with Principle 5 of the UN Global Compact (UNGC), which advocates for the elimination of child labor and the protection of children's rights.

The policy, which reflects KVPL's deep commitment to creating a safe, healthy, and supportive environment for all children living on its estates, emphasizes critical areas such as maternal and child health, nutrition, sanitation, and access to education, ensuring that children are shielded from all forms of harm, violence, abuse, and exploitation.

KVPL's Child Protection Policy is guided by 15 core principles, and its rollout is supported by a series of targeted strategies to ensure its effectiveness and sustainability:

UNGC Principle 5 "Businesses should uphold the effective abolition of child labour."



**KVPL's Child Protection Strategies**



**Strengthened Governance through Dedicated Focal Points**

- Child Protection Focal Points (CPFPPs) have been appointed at each estate, sub-office, and the head office level.
- These individuals are responsible for coordinating, implementing, and monitoring all child protection activities.



**Community-Based Structures for Child Development**

- Village Child Development Committees (VCDCs) have been established to mobilize community engagement in child welfare.
- Children's Clubs provide safe spaces for children to learn, grow, and express themselves.
- We ensure that the presence of at least one qualified child care giver and prohibit the use of physical punishment by staff.



**Technology-Enabled Monitoring and Reporting**

- An online monitoring tool allows CPFPPs to track activities, record incidents, and report progress in real time, enhancing accountability and responsiveness.



**To build awareness and empower communities, KVPL developed and distributed a range of materials**

- Educational leaflets to help identify signs of child abuse and raise awareness on its impact.
- Standardized case record books for CPFPPs and estate managers to document incidents and report them consistently.
- CPFPP training packs to support ongoing worker education and promote uniform understanding of child protection practices.

**Local Community Impacts**



KVPL continuously monitors its operations to identify and manage any actual or potential negative impacts on local communities. No significant adverse impacts were reported during the period, and proactive measures are in place to ensure community well-being, including stakeholder engagement, environmental safeguards, and social development initiatives.

## KVPL pledges commitment to the Mother and Child Friendly “Seal” for Responsible Business

The Mother and Child-Friendly Seal for Responsible Business is a pioneering initiative launched in Sri Lanka on June 15, 2022, by the Centre for Child Rights, aimed at enhancing the well-being of women and children in the country's tea and tourism sectors. KVPL is proud to be a committed partner in this initiative, actively working to advance child protection, education, health and nutrition, environmental sustainability, decent work opportunities for youth, and the right to play. “The Mother and Child-Friendly Seal promotes the well-being of children and families in Sri Lanka’s tea-growing communities by fostering sustainable and meaningful investments. It operates through an activity-based framework managed by The Centre for Child Rights and Business Sri Lanka. Ultimately, the Seal aims to improve the well-being of women and children in Sri Lanka’s tea sector by ; Strengthening businesses’ commitment and capacity to create a family-friendly tea supply chain where children and their mothers can enjoy their full rights. In recognition of these efforts, KVPL tea packs proudly display the “Mother & Child Friendly” seal, symbolizing their dedication to responsible and inclusive business practices.

The Company’s commitment in alignment with the principles of the Mother and Child Friendly Seal for Responsible Business, include the following:

- 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 set backs
- Promoting gender equality
- Ensuring active child participation

## Food Security

GRI 13.9

Kelani Valley Plantations PLC (KVPL) recognizes food security as a fundamental component of community well-being, particularly in estate communities where economic vulnerabilities may limit consistent access to nutritious food. Our approach to food security is integrated into our broader social development framework and aligned with the United Nations Sustainable Development Goal 2 – Zero Hunger.

We manage food security through a combination of nutrition support programmes, sustainable food access initiatives, and health monitoring systems, ensuring both immediate and long-term benefits for estate residents:

### 1. Nutrition Support for Vulnerable Groups

- Daily morning and midday meals are provided at all Child Development Centres (CDCs) to ensure children receive adequate and balanced nutrition.
- Nutrition packs are distributed regularly to pregnant and lactating mothers, helping to improve maternal and child health outcomes during critical developmental stages.
- Structured feeding schedules and feeding corners are maintained in CDCs to promote healthy eating habits from an early age.

### 2. Health Monitoring and Early Intervention

- Estate health staff conduct regular growth monitoring, school health inspections, and nutrition assessments for children and vulnerable groups.
- These assessments support timely interventions to address malnutrition and ensure that food security efforts are guided by data and community needs.
- We also support national health programmes, including IYCF (Infant and Young Child Feeding) and the Expanded Programme on Immunization (EPI).

### 3. Support for Household Food Access

- KVPL promotes home gardening within estate communities by distributing vegetable seeds and basic gardening tools to families.



- Community members receive guidance from estate agricultural staff on maintaining kitchen gardens, which enhances dietary diversity and promotes self-reliance.
- Food packs are also distributed periodically to estate households facing economic hardship, particularly during times of crisis (e.g., post-pandemic recovery periods).

### 4. Integration with Broader Socioeconomic Support

- Our Children’s Savings Programme and transportation support for students contribute indirectly to household food security by reducing economic burdens and ensuring children stay in school rather than contributing to household income through labour.
- Community outreach and education on healthy eating, hygiene, and food preparation are conducted through regular Parent and Community Meetings and estate health workshops.

Through these multi-dimensional efforts, KVPL manages food security in a structured and proactive manner, aiming to reduce hunger, enhance nutrition, and support the long-term resilience of our estate communities.

### Green Clubs in Schools

Established through a collaborative partnership between KVPL and the International Union for Conservation of Nature (IUCN), Green Clubs in schools provide a vibrant platform for students to engage in environmental conservation and sustainability efforts. These clubs foster awareness through interactive knowledge-sharing sessions, inspiring young minds to take an active role in protecting the environment. More than just educational forums, the Green Clubs empower students to become change-makers—advocating for both environmental and social responsibility within their schools and broader communities.



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

The “Weather Kids programme” - a pioneering initiative launched by KVPL in collaboration with UNICEF, continued to generate strong enthusiasm among schoolchildren throughout the year. This innovative project introduced 20 child-friendly, Do-It-Yourself (DIY) digital weather stations at Pedro Estate in Nuwara Eliya, marking a significant milestone in the plantation sector’s efforts to integrate education, technology, and environmental stewardship.



Targeting the Children’s Clubs across KVPL estates, the programme is designed to enhance digital and technological literacy while fostering a deeper understanding of climate dynamics and data management. Children are actively engaged in monitoring and recording key weather indicators such as daily temperature, humidity, and rainfall. The Weather Kids programme empowers the next generation with critical skills and nurtures a meaningful connection to the natural world planting the seeds for future climate action.



### From Inequality to Empowerment: continuing to bridge the gender divide on our estates

Over the years, KVPL has steadily advanced gender equity across its estate communities, recognizing that true progress lies in dismantling long-held perceptions and creating meaningful opportunities for women at every level of the organization.

One of the longstanding challenges in the plantation sector has been the underrepresentation of women in supervisory and leadership roles on the estates. This gap is often reinforced by inherited beliefs and societal perceptions particularly the notion that women may not be suited to lead or supervise field operations. At KVPL, we are actively challenging these barriers.

In a groundbreaking step, we proudly appointed the first female Agri Technical Officer (Junior category), during the year a powerful symbol of what is possible. Her journey, from field worker to leader, is a testament to the potential within every woman on our estates. We have begun to share her story (featured in the Human Capital section of this report) as a source of inspiration, encouraging others to dream beyond traditional limits.

This appointment follows a comprehensive six-month training programme for students from the Sri Lanka School of Agriculture, Angunakolapelessa, preparing them for roles as Agri-Technical Officers - Junior Executives. Notably, the majority of this new team consists of female students, underscoring our commitment to nurturing young female talent and promoting gender diversity in plantation management.



### Facilitating Women’s Health & Hygiene

KVPL’s community initiatives have also prioritized women’s health and hygiene recognizing these as key enablers of empowerment. We have long worked to raise awareness on healthy practices and menstrual hygiene through community education programs. To address this, KVPL began constructing low-cost, eco-friendly hygiene stations made from sustainable bamboo that seamlessly blend into the natural environment.

Furthermore, in support of World Breast Cancer Awareness Month, on 8th November our parent company – KVPL hosted a Breast Cancer Awareness and Screening Programme at the Chas P. Hayley Lounge. KVPL, in collaboration with Nawaloka Hospitals PLC, organized this initiative to raise awareness, encourage early detection, and empower the health and well-being of our female employees. Staff from KVPL, Hayleys Agriculture Holdings, and Hayleys Fibre actively participated.

These initiatives reflect our ongoing efforts to strengthen women’s participation, health, and leadership across the organization.



### Empowering Estate Youth Through Skills for Sustainable Employment :

Labour scarcity continues to be a significant concern, particularly as younger generations show limited interest in engaging in agricultural fieldwork. Paradoxically, many youth within the plantation communities especially those aged between 18 and 30 remain unemployed. Recognizing the dual challenge of labour shortages and youth unemployment, KVPL has taken proactive steps to address both issues simultaneously.

Upon successful completion of the program, these youth equipped with NAITA certification will be appointed as Assistant Field Officers at KVPL. This approach not only creates meaningful employment opportunities for youth but also enhances the appeal of plantation sector careers by enabling entry into office level positions whilst the skills passport being globally recognized also opens doors internationally.



### The Kelani Valley Protectors Initiative (KVPI)

Established in February 2022 as a Public-Private-People Partnership, the Kelani Valley Plantations Initiative (KVPI) was launched at KVPL’s We Oya Estate to support the Government’s “Surakimu Ganga” programme within the Kelani River Basin. Since its inception, KVPI has served as a catalyst for environmental activism and community-driven volunteerism, engaging local communities in cleaning the We Oya and promoting sustainable, win-win environmental practices.

This year, KVPL signed a new Memorandum of Understanding (MoU) with the International Union for the Conservation of Nature (IUCN) to broaden the initiative’s reach and impact. The expanded programme now includes school-based community engagement, reforestation efforts, and strategic collaborations with a wide range of stakeholders government agencies, NGOs, and private sector partners alike.



## Hayleys Plantations Best Tea Harvester Competition 2025

Celebrating the masterful skill and unwavering commitment to quality that fuels Sri Lanka’s world-renowned tea, Hayleys Plantations, a trailblazer in sustainable agri-business, successfully concluded its second annual ‘Best Tea Harvester’ Competition for 2025.

Organised across Kelani Valley Plantations (KVPL), Talawakelle Tea Estates (TTEL) and Horana Plantations (HPL) the contest is designed to showcase and celebrate the dedication and hard work of the Hayleys Plantations team.

N. Indraganthi from Ingestre Estate took home the Gold Award for Kelani Valley Tea Plantations. The expert Judging Panel consisted of industry specialists from the Tea Research Institute and the senior management of Hayleys Plantations. Competitors were judged based on the quantity and quality of tea they plucked in a set time, and the care they took in maintaining the tea bushes during harvesting.



## Distribution of Fair Rubber Premium & Recognition of Best Rubber Harvester - 2024

In November 2024, Kelani Valley Plantations PLC (KVPL) held its Fair Rubber Premium & Best Harvester Recognition Ceremony. As a partner of the Fair Rubber Association (Germany), KVPL received a premium of €7,875, promoting ethical and sustainable rubber production. The premium helps fund community development projects in estate areas.

The event honoured 1,376 rubber harvesters and 47 factory workers, represented by 41 Best Harvesters from 10 estates and 6 Best Factory Workers. Each received two Energy Saving/Emergency Bulbs and gift packs, addressing power outages and reducing reliance on unsafe kerosene lamps. The bulbs are energy-efficient and support household safety and cost savings.

While the market value of the bulbs was Rs.10 million, KVPL negotiated a discounted rate of Rs.2.4 million, maximizing project impact. Workers expressed deep gratitude, with one harvester speaking on behalf of all beneficiaries.

KVPL remains committed to improving workers’ well-being, promoting safety, and supporting sustainable livelihoods through partnerships like the Fair Rubber Association.



## Customers, Suppliers and Stakeholders

GRI 2-6 FB-AG-430a.1

Proving ourselves fit to meeting the expectations of the customer and stakeholder of the future

### KVPL’S Customer Groups



KVPL’s approach to relationships with its customers, suppliers, and stakeholders is built on long-term horizons, with trust and reliability as the cornerstones of every engagement. In addition to the quality of our products which is reflected in the prices they fetch to the markets an approach of win

At KVPL, our customer relationships extend far beyond transactions they reflect our foresight and deep understanding of evolving stakeholder

expectations. Anticipating change before it arrives has been a hallmark of our journey. The numerous certifications we've earned over the years have not only reinforced our credibility but also opened doors to new markets while strengthening existing ones.

Notably, our Rainforest Alliance certification in 2008 was a pioneering step in sustainable practices. This year, we reached another milestone by becoming the first tea factory globally to receive the regenagri certification. These recognitions have empowered us to develop niche products and expand our global footprint. A standout achievement this year was the launch of customised offerings that reflect our unwavering commitment to sustainability.

Rare Tea and Rare Coffee from Halgolla estate are two niche market products during the year.

**KVPL Achieves Global First with Information Security Standard Certification**

In a world where data security and transparency are increasingly critical concerns, KVPL has taken an important step forward by adopting another international standard. Marking a significant milestone, KVPL became the first plantation company in Sri Lanka to receive the ISO/IEC 27001:2022 accreditation - the leading international standard for Information Security Management Systems (ISMS).

This certification underscores KVPL's proactive approach to managing data security risks, protecting sensitive information, and enhancing trust among its customers and partners. The achievement sets a new benchmark for the Global Tea Industry, aligning plantation operations with cutting-edge digital and information security practices.

Improved customer service capabilities by optimizing the use of Point of Sale (POS) system

During the year, our Marketing efforts encompassed several engagement initiatives and new product offerings which contributed Rs. 69 m. during the year. These include :

**Brand Revitalization & Awareness**

- Launched integrated marketing campaigns (digital, retail)
- Emphasized sustainability, heritage, and award-winning quality
- Resulted in stronger brand recall and increased consumer engagement

**Enhanced Distribution Network**

- Introduced structured distributor agreements (30-day credit, MRP pricing)
- Provided company-approved promotional materials
- Expanded retail footprint across urban and semi-urban markets

**Product Diversification**

- Developed new product lines (Flavored Teas, Health infusions, Gift packs)
- Aligned with evolving local consumer trends and seasonal demand

**Participation in Local Events**

- Active presence at exhibitions, fairs, and regional markets
- Direct engagement with consumers via sampling and storytelling



"KVPL's support has empowered me to grow professionally from my roots in the plantation community to where I now welcome visitors from and around the world to represent my company to promote our Teas in the international tea market. Gaining multi- skills including languages and working at the Ethical Tea Boutique has opened doors I never imagined."

**S. Kalaiwani**

Tea Center Assistant, Pedro Estate



In our Tea business, we warmly welcome our major exporters and their clients to experience our estates firsthand. These visits offer an opportunity to showcase the rigorous quality systems and sustainability practices embedded throughout our field and factory operations. As part of the experience, we also host tea tasting sessions on our estates, providing a sensory introduction to our teas while gaining valuable insights and feedback from key buyers.

Beyond these direct engagements, KVPL encourages broader participation in our flagship social sustainability initiative, *A Home for Every Plantation Worker*. For every kilogram of our single-origin tea sold, Rs. 1.50 is contributed to the fund. This initiative not only reflects our deep commitment to social responsibility but also invites our customers to be active partners in driving meaningful, long-term impact within our communities.

**Our Customer Attrition & Retention Strategies include the following**



**Customer Feedback Surveys :** Quarterly surveys enable us to gather valuable insights into customer preferences, expectations and concerns. This feedback fuels continuous improvement, allowing us to fine tune our products and services to better serve diverse market needs and also facilitate customization of our products and services.

**Quality Assurance Programmes :** We uphold stringent quality standards across every stage of production. Through rigorous quality control and assurance systems, we ensure that our teas consistently meet the expectations of both international and domestic buyers.

**Customized Packaging & Branding :** We develop tailored packaging and branding solutions to resonate with the unique preferences of each target market. Whether catering to discerning international buyers or local consumers, our designs reflect cultural nuances and market trends, enhancing product appeal.

**Customer Service Training :** Our customer service teams undergo comprehensive training to effectively manage inquiries, complaints, and customer interactions. This ensures consistently positive experiences that nurture strong, long-term relationships.

**Supply Chain Transparency :** We offer full visibility across our supply chain through robust traceability initiatives, enabling customers to track the origin of their Tea. This commitment to transparency builds trust and loyalty, particularly among ethically conscious consumers who value sustainability.

**Targeted Marketing Campaigns:** Our marketing strategies are carefully tailored to resonate with different customer segments. In export markets, we highlight the unique character and premium quality of Kelani Valley Teas. Locally, we emphasize tradition, craftsmanship, and our deep community ties.

**Customer Appreciation Initiatives:** We celebrate our loyal customers through exclusive tastings, discounts, and special offers. These gestures of appreciation strengthen our relationships and reinforce customer satisfaction and loyalty in both domestic and international markets.

**Strategic Partnerships & Collaborations:** We actively collaborate with retailers, distributors, and other key partners to extend our market reach. These partnerships are vital to ensuring the availability of Kelani Valley teas across a wide range of regions and platforms.



Kelani Valley Plantations					
CUSTOMER SATISFACTION SURVEY					
KELANI VALLEY PLANTATIONS PLC 100, Deane Road, Colombo 02.					
Thank you for choosing Kelani Valley plantation company as your preferred provider of products & services. Your feedback is crucial in helping us understand how well we meet your needs & expectations. Please take five minutes to complete this short survey.					
Company:	[Handwritten: 100 Deane Road, Colombo 02, Sri Lanka]				
Customer Name:	[Handwritten: ...]				
Contact Details:	[Handwritten: ...]				
Product/Quality of service	Indicator	Scale			Comments
		1 Poor	2 Average	3 Satisfactory	
1. Overall	1 Leaf quality				
	2 Lipar quality				
	3 Lipar				
2. Lipar	1 Leaf quality				
	2 Lipar quality				





**Product Responsibility & Customer Health & Safety**

GRI 13.10

At KVPL, ensuring the highest standards of product responsibility and customer health is central to its operations. The commitment to delivering products that meet the highest international standards for quality, safety, and sustainability is an ethos embedded across every level of our value chain. The numerous certifications that KVPL has achieved underpin its efforts to ensure that each stage of production from field to factory to final packaging is meticulously monitored for compliance with stringent standards.

Our Tea manufacturing processes are guided by stringent food safety management systems certified under ISO 22000:2018 and HACCP, both awarded by the Sri Lanka Accreditation Board. These certifications form the foundation of our unwavering commitment to quality, ensuring that each stage of production from field to factory to final packaging is meticulously monitored for compliance.

To further ensure the safety and purity of our Teas, we conduct annual quality tests in line with ISO 3720 standards. These evaluations assess heavy metals, microbiological content, and agrochemical residues. Importantly, our internal benchmarks consistently exceed national and international regulatory limits, including TRI-specified Maximum Residue Limits (MRLs) for sensitive markets such as Japan and the European Union. In alignment with our sustainability goals, we have significantly reduced the use of agrochemicals through the adoption of responsible agricultural practices.

**Assessment of the health and safety impacts of product and service categories**

GRI 416-1,416-2

	% of Total
Annual tea product test	100%
Availability of Food safety certifications	100%
Medical checkups for food handlers	100%

➤ There were no incidents of non-compliance concerning the health and safety impacts of products and services recorded during the period.

**Product Safety and Certifications in the Rubber Sector**

Our rubber operations are equally committed to ecological integrity and consumer safety. The sector is certified under the Forest Stewardship Council™ (FSC™) and Organic Rubber Certifications (USDA/NOP & EU), demonstrating our compliance with rigorous environmental and social standards.

In addition, our products Sole crepe, Latex crep and Centrifuge Latex are certified under FSC chain of Custody (FSC 100%) and the centrifuged Latex are Certified under organic Latex Standerd (GOLS). confirming their traceability and alignment with global best practices in organic and sustainable production.



**Social Responsibility and Sustainable Development**

Our concept of Product “Responsibility” extends beyond the product to broader social and environmental responsibility as the several certifications we have pro-actively sought reflect.

Through Fair Rubber Partnership and adherence to the Sustainability Framework, we actively contribute to enhancing the quality of life for estate workers and their communities.

As a Rainforest Alliance Certified grower since 2008, we continue to uphold stringent environmental, social, and economic standards. Regular internal audits and an annual third-party external audit ensure ongoing compliance. To drive this commitment at the ground level, dedicated in-house sustainability teams operate at each estate, continuously monitoring and improving performance against a robust set of criteria.

The year under review marked another milestone in our journey towards environmental sustainability, as KVPL became the first tea estate in the world to receive regenagri certification. This recognition was awarded to our Halgolla Estate, following an in-depth on-site audit and a stringent evaluation of our regenerative agricultural practices. More than just meeting sustainability benchmarks, this certification affirms that our methods actively work to restore and enhance ecosystem health.

## Suppliers

The enduring partnerships we have maintained with many of our suppliers, - some dating back to 1992, are a testament to the strength, trust and longevity of our supplier relationships.

As part of our commitment to responsible business practices, we maintain regular communication with our suppliers. Our Supplier surveys cover 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 risk, ensure compliance with standards and regulations, and promote a safe and sustainable working environment. We’re pleased to report that we receive mostly positive feedback from our suppliers, reinforcing our commitment to responsible procurement practices and continuous improvement.

### FB-AG-430a.1

Percentage of agricultural products sourced that are certified to a third-party environmental or social standard and percentages by standard

Crop	Certification	% of Total
Tea	RA	96%
Rubber	FSC	66%

## Shareholders

Our commitment to shareholders is reflected in policies that foster active engagement, promote transparency, and encourage diverse investment opportunities all aimed at delivering sustainable returns with integrity and accountability.

We strongly uphold the principle that shareholders, especially investors, are entitled to timely, transparent, and accurate financial reporting, in full compliance with applicable accounting standards. Beyond financial transparency, shareholders are empowered with voting rights on key matters, allowing them to meaningfully participate in shaping the Company’s strategic direction.

We also recognize that today’s investors seek more than just financial returns. As such, we ensure shareholders have access to insights into our governance practices and our approach to environmental and social responsibility. In line with this, we maintain high ethical standards, actively avoid conflicts of interest, and refrain from political contributions that could compromise our integrity or result in undue influence.

Our sustainability framework the “KVPL Corporate DNA” integrates core governance principles, underscoring our commitment to responsible corporate conduct and deeper shareholder engagement. This strategic focus not only reinforces ethical business practices but also supports the creation of long-term value for all stakeholders.

Our dedication to delivering meaningful returns is further solidified through our Value per Share policy, which ensures shareholders receive the optimal return on their capital investment. This policy reflects our broader objective: to grow shareholder value responsibly and consistently over time.

## Supply Chain Traceability

### GRI 13.23

KVPL is committed to ensuring traceability across its supply chain, especially in the sourcing of agricultural inputs. We maintain detailed records of raw material origins, supplier certifications, and transport logistics to promote transparency and accountability. All major

suppliers are assessed for environmental and social compliance, and their materials can be traced back to estate-level sources. This enables KVPL to uphold quality, ethical sourcing, and sustainability standards in alignment with national and international guidelines.

## Political Contributions

### GRI 13.24, 415-1

At KVPL, we maintain a strict policy of refraining from making any form of contribution monetary or otherwise to political parties, political figures, or affiliated entities, whether in Sri Lanka or abroad. As part of the Hayleys Group, we adhere to a comprehensive Bribery and Anti-Corruption Policy that upholds a zero-tolerance stance towards bribery and corruption. This policy applies to the Board of Directors and all employees of Hayleys PLC and its subsidiaries, including KVPL. It sets out clear guidelines and procedures covering areas such as gifts, hospitality, and promotional expenses; facilitation payments; political contributions and donations; charitable donations; commission payments to third parties; partner and third party due diligence. These measures ensure that all operations are conducted with the highest standards of integrity, transparency, and accountability, in full compliance with local and international laws.

We confirm that no political contributions were made by KVPL during the reporting period.

### 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 ISO22000:2005 HACCP GMP (Good Manufacturing Practices ) Certification.



# Natural Capital

At KVPL, we believe that being Future Fit starts with being Fit for Nature. In a world where climate realities are rapidly shifting, our commitment is not just to operate within natural ecosystems, but to evolve in harmony with them. As an Agricultural enterprise, being fit in nature must become second nature to us an instinctive, continuous alignment with the living systems that sustain us. From soil to canopy, from carbon to community, we view our Natural Capital as both a responsibility and a powerful opportunity to lead with purpose, resilience, and regenerative strength.

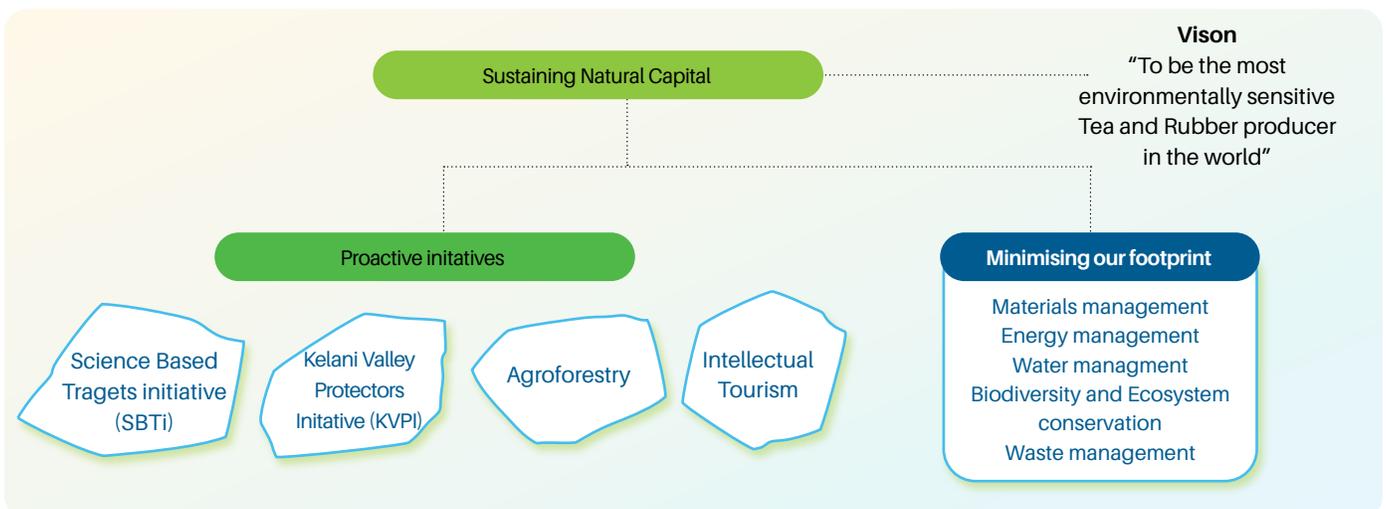


It is our deep sense of responsibility as stewards of some of Sri Lanka’s most invaluable natural resources and our drive to harness the opportunity they present, that inspire us to envision boldly, strategise purposefully, and act decisively. This commitment to protecting and enriching our Natural Capital is what fuels our innovation and continues to define our sustainability journey. It is this very spirit that kindled KVPL’s Triple Crown of Global Firsts this year setting benchmarks not just for the plantation sector, but for environmental stewardship worldwide.

The Triple Crown this year for KVPL’s Halgolla estate:

- World’s first Tea estate to be regenagri certified
- Preparing to pioneer the world’s first Intellectual Tourism model
- Home to the first on-location Center for Biodiversity Research and Sustainable Knowledge Management.

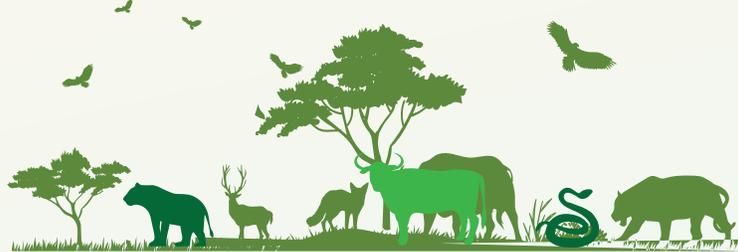
Our approach to sustaining the value of our Natural Capital has been two pronged; we continuously strive to minimize our environmental foot print on the one hand and proactively seek innovative ways in which we can contribute to shaping a greener future and protecting our earth, on the other hand. Today, KVPL has evolved into a science-led, data-driven organisation, making informed decisions to reduce its carbon footprint. Our collaborative approach and strategic partnerships reinforce our deep commitment to preserving and enriching Natural Capital.



Natural Capital

INTEGRATING BIODIVERSITY INTO OUR BUSINESS MODEL

How the company integrates existing biodiversity resources into our business models



Biodiversity Assets

Forests, Riparian Buffers, Endemic Flora & Fauna



Measurable Outcomes

↓ **Reduced** agrochemical use

↑ **Improved** soil and water quality

**Enhanced ecosystem resilience and climate adaptability**

The impacts of our agricultural business on the environment encompasses both positive and negative aspects. 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 CO<sub>2</sub> 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.



"Our partnership with KVPL underscores a rare and commendable corporate commitment to leopard conservation. Through initiatives like the Elbedda Ridge Corridor, KVPL is demonstrating that Biodiversity stewardship can-and must-extend beyond business, as a national responsibility."

**Dr. Andrew Kittle**

Senior Conservation Scientist, WWCT Sri Lanka



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"> <li>➤ 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</li> <li>➤ Spot fertilizer application (for Rubber)</li> <li>➤ Improve the accuracy of dosage measurements</li> <li>➤ Rotations of active ingredients</li> <li>➤ Avoid calendar application</li> </ul>
Spot fertilizer application (for Rubber)	<ul style="list-style-type: none"> <li>➤ 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</li> </ul>
Wastewater release to environment	<ul style="list-style-type: none"> <li>➤ Tea factories release through soak pits &amp; Rubber factories after effluent treatment, Regular testing of wastewater and drinking water</li> </ul>
Loss of biodiversity	<ul style="list-style-type: none"> <li>➤ Conservation integrated business models, community engagement and activation for protection of fauna and flora</li> </ul>
Loss of habitat (loss of native vegetation)	<ul style="list-style-type: none"> <li>➤ Native tree planting programmes</li> </ul>
Monocrop cultivation	<ul style="list-style-type: none"> <li>➤ Increasing the biodiversity in riverine boundaries, forest patches, crop diversification</li> <li>➤ Introducing the Agroforestry model</li> </ul>
Fuelwood usage for tea factories	<ul style="list-style-type: none"> <li>➤ Using sustainable biomass, screening of biomass suppliers for environmental sustainability initiatives/Forestry management plan</li> </ul>
Carbon Emissions & Climate Impact	<ul style="list-style-type: none"> <li>➤ Commitment to science-based targets to reduce GHG emissions</li> </ul>

### Commitment to international and local mandates

KVPL has committed to aligning its operations with both global and local sustainability frameworks. Our active participation in the following initiatives reflects our dedication to responsible business practices, the drive to acquire and contribute knowledge, to environmental stewardship, and social accountability.

- The CEO Water Mandate
- Member of the United Nations Global Compact (UNGC)
- Commitment to its 10 UNGC Principles
- The UN's Sustainable Development Goals
- Science Based Target initiative (SBTi)
- Active member of Biodiversity Sri Lanka

During the year, KVPL was honored with a leadership role as the Head of the Water and Ocean Stewardship Working Group at the United Nations Global Compact (UNGC) Sri Lanka. In addition, KVPL was appointed as the Patron of the same Working Group, further underscoring our longstanding commitment to sustainable water practices. Representing the company at the global stage, our Managing Director participated in the 10<sup>th</sup> World

Water Forum held in Bali, Indonesia. These recognitions reflect the trust placed in KVPL's dedication to water stewardship in Sri Lanka an area in which we have demonstrated consistent commitment since becoming one of the earliest signatories of the CEO Water Mandate in 2008.

### Environmental Certifications and commitment by KVPL

KVPL's commitment to environmental stewardship is reflected in the globally recognised certifications we have obtained, which validate our sustainable practices and responsible resource management:

- ISO 14064 -1:2018 GHG verification,
- Rainforest Alliance certification (RA)
- Forest Stewardship Council Certification (FSC)
- USDA- NOP organic certifications for Rubber
- Eco label Sri Lanka Certification
- regenagri certification for Tea

### The Policies guiding our Environmental Sustainability

At KVPL, our approach to environmental sustainability is underpinned by a robust framework of internal policies and international standards. These policies not only guide our daily operations but also reflect our long-term commitment to responsible environmental stewardship and continuous improvement. They serve as the foundation for our sustainability initiatives, ensuring alignment with global best practices and stakeholder expectations.

- Energy and Emissions Policy
- Chemical Management Policy
- Water Policy
- Material and waste Policy
- Biodiversity Policy
- Environmental DNA of KVPL ESG framework

### KVPL's Halgolla estate becomes the world's first Tea estate to attain regenagri certification

As part of KVPL's Triple Crown achievement; the year marked a ground breaking achievement when the Group's Halgolla estate received the prestigious "regenagri certification", making it the first tea estate in the world to receive this international recognition. This global recognition is a testament to our agricultural practices that go beyond sustainability, actively working to regenerate ecosystems. Achieving this certification required a rigorous process, including extensive on-site audits and a thorough and critical evaluation of our farming approach. The process also focuses on key efforts to regenerate soil health, water systems, and biodiversity, while also addressing the pressing issue of climate change such as reducing greenhouse gas emissions, and sequestering of CO<sub>2</sub>.



#### GRI 304-3

### Halgolla Research Tourism - pioneering a paradigm shift in Sustainable Business strategy

Two other pioneering initiatives at Halgolla estate which we conceptualised in 2023 is the development of the world's first Intellectual Tourism model and the first on-location Center for Biodiversity Research and Sustainable Knowledge Management.

Halgolla boasts six distinct natural habitats, earning its reputation as one of the world's Biodiversity hot spots. Recognising both the imperative to safe guard these invaluable resources and the potential to foster eco-tourism and research, KVPL's visionary initiative represents a paradigm shift in sustainable business strategy.

This groundbreaking initiative, is in collaboration with the International Union for Conservation of Nature (IUCN) Sri Lanka. It marks a major leap forward in preserving the region's diverse ecosystems while advancing sustainable agricultural practices. Another objective of the project is to establish a biodiversity refugium on Halgolla estate to ensure long-term conservation of globally threatened species that occur outside the protected area network, also serving as a pilot attempt in the application of the concept of 'other effective area based conservation measures (OECMs)' in Sri Lanka.

Equipped with state of the art research facilities, the centre will facilitate interdisciplinary exploration, encompassing biological, geographic, social and economic dimensions. By embracing a

Triple Bottom Line approach, we aim to harmonise 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 an employment opportunities for local residents.



### Halgolla Agroforestry - as a pilot project for Sustainability of plantations

In 2022, following an initiative by the Netherlands Enterprise (RVO), KVPL began developing its Halgolla estate into a pioneering hub for sustainable Agroforestry. This development led to Halgolla being selected as the site for the Netherlands-Sri Lanka Pilot Project on 'Agroforestry on Tea Plantations in Sri Lanka,' marking a significant milestone in KVPL's sustainability journey.

Through this collaborative project, KVPL aims to enhance environmental resilience, socio-economic sustainability, and land productivity through the integration of Agroforestry practices replacing monoculture with diversified, multi-crop systems. In partnership with the International Union for Conservation of Nature (IUCN) Sri Lanka, the University of Peradeniya, Wageningen University & Research, and the Netherlands Enterprise Agency (RVO), KVPL is spearheading this public-private collaboration to promote Agroforestry in the plantation sector.

Under this initiative, KVPL has introduced a variety of crops across both vertical and horizontal spaces, including:

- High value crops: Coffee, Areca Nut, Pepper, Avocado, Durian, and Kithul Palms
- Community food crops: Jackfruit and Breadfruit
- Ecosystem supporting flora: Shade trees, cover crops, and bee-forage plants

To support pollination and Biodiversity, beekeeping was introduced with expert guidance from the University of Moratuwa,

along with the installation of bee boxes. KVPL has also allocated dedicated plots of land for community cultivation, fostering inclusive economic participation.

Moreover, furthering our commitment to community empowerment, KVPL launched training programs to enhance both technical and soft skills among local residents. Specialised training was provided in:

- Kithul harvesting and treacle production
- Bee keeping and hive management

The year under review marked a period of tangible progress, with successful harvests of Coffee, and Kithul. The cultivation of coffee has paved the way new product development - "Rare Coffee", a high-value, export-grade product under the KVPL brand. Similarly, "Rare Tea" grown at Halgolla is being positioned for export as a premium, value-added offering.

Moreover, these initiatives not only enhance livelihood opportunities for surrounding communities but also contribute to the estate's broader goals of biodiversity conservation, land productivity, and climate resilience reflecting KVPL's commitment to harnessing the connectivity of capitals and to sustainable plantation management.



**Kelani Valley Protectors Initiative (KVPI)**

The Kelani Valley Protectors Initiative (KVPI) to support the Government's "Surakimu Ganga" Programme in Kelani River basin was launched on 28 February 2022 at KVPL's 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, KVPL embarked on this project to safeguard the We Oya catchment area, a vital water source for over 6 million people in Colombo and its suburbs. The initiative's partners include the Divisional Secretariats, Department of Forestry, Wildlife, Agriculture and Health related agencies, the Central Environment Authority, National Water Supply and Drainage Board and several private sector entities.

The expanded initiative, in addition to the cleaning of the We Oya catchment area includes community engagement including schools and reforestation efforts. The new partners that came on board this year include Hidramani International and several local schools.

Our efforts at reforestation identified the planting of native trees to upscale the protection of the sensitive catchment areas. And accordingly, during this year the program successfully planted 6,500 native trees, with volunteers contributing over 2,000 hours to these efforts. KVPL has taken on the responsibility to procure, plant and nurture native species of plants and maintain the plants until such time they are ready to thrive on their own, which is 3 years.



Environmental Days celebrated	Variety of Trees	2024/25	Total since inception
International Day of Forests	Kumbuk, Kaya, Gaduguda, Dam, Ma Dam Rambutan, naimbul, Kohomba Mee Madithiya	1,770	4,648
World Water Day, World Day of Planting,			
World Water Day			
World Day of Planting, World Aquatic Animals Day, World Environemnt Day, World Wild Life Day, International Day of Actions for Rivers, International Day of Climate Action, World Earth Day, World Bee Day			

**KVPL continues its active support for “Corridors for Conservation”**

In 2022 KVPL entered into a partnership with the Wilderness & Wildlife Conservation Trust (WWCT) to accelerate Leopard conservation by establishing wildlife corridors within its estates.

As part of our ongoing commitment to leopard conservation, KVPL, together with the WWCT has established the Elbedda Ridge Corridor (ERC), covering an entire belt of seven estates in Hatton region. Through combined research with WWCT scientists and the Department of Wildlife Conservation (DWC), KVPL has identified more than 40 Leopards of four generations. KVPL also partnered with WWCT to establish its own native forest plant nursery at Ingestre estate in Dickoya. We have expanded our Leopard conservation initiatives through awareness programmes among estates’ employees and nearby communities, signboard installations, and specialised training, collaborating with organisations such as the Wildlife and Nature Protection Society (WNPS) and the Rainforest Alliance. These combined efforts have yielded tangible results, including increased Leopard sightings and documented improvements in ecosystem health.

The project also focuses on restoring and regenerating areas with native highland forest to improve the quality and area of habitat for the Leopard and other wildlife. During the year, we established a dedicated plant nursery on our Ingestre estate, ensuring a consistent supply of native saplings to support reforestation efforts and sustain the ecological corridor with indigenous plant species.

The project also focuses on patrolling for snare removal which is a significant threat to the Leopard and all wild life. Community awareness building of the importance of forest and wildlife and ways of coexisting are also a key component of the project. We are happy to note that there was no Leopard deaths or injuries recorded during the year.

**Igniting young minds to appreciate and conserve nature through Green Clubs**

In 2022, the launch of “Green Clubs” in schools located within the We Oya and Kelani river basins marked a valuable step forward in fostering environmental awareness and active children and youth engagement. These Green Clubs, established in collaboration with the Central Environmental Authority, the Forest Department and the IUCN, serve as platforms for school children to actively participate in initiatives aimed at promoting environmental conservation and sustainability.

As part of these efforts, an educational programme focused on reptiles and amphibians was held at Berannawa School in September. The session was conducted by Mr. Suranjan Karunaratne, a graduate in Environmental Management from the University of Colombo, a research conservationist, Wildlife Researcher, and CEO of Nature Exploration and Education.

The programme included both theoretical knowledge and practical training, drawing participation from students and teachers of three additional schools. In total, the event benefitted over 50 participants. The Kithulgala Forest Department and the Central Environmental Authority in Kegalle also contributed to the success of this collaborative initiative.



**Adopting Technology for Greener Footprints**

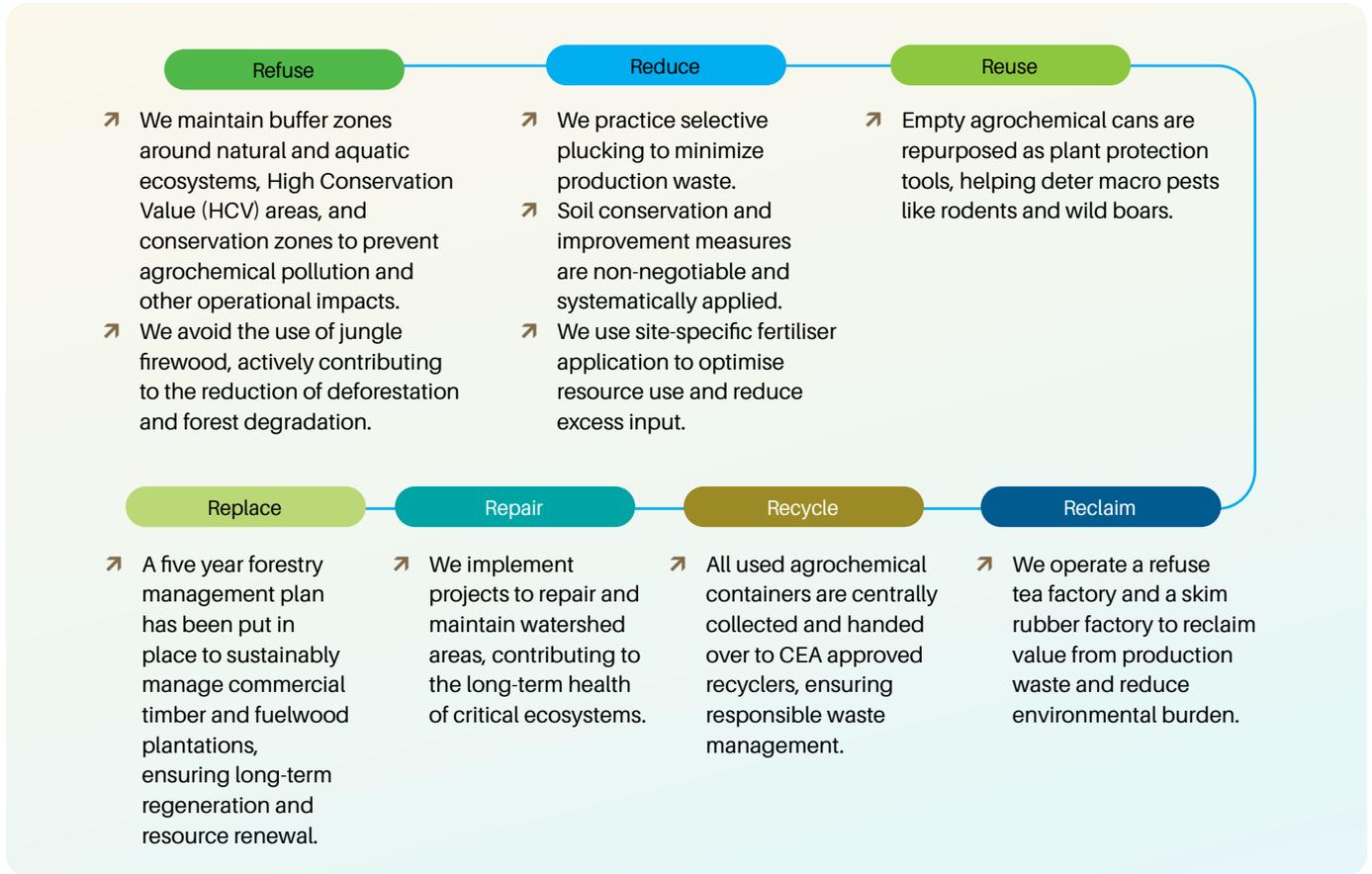
In our pursuit of more sustainable and environmentally responsible practices, KVPL has embraced advanced technologies to optimise agricultural inputs and minimize ecological impact. During the year, we deployed drones across all our estates for the targeted application of liquid fertiliser. Additionally, we conducted successful trial runs for pellet fertiliser application, with plans to scale up drone usage for this purpose in the coming year.

These drones, combined with integrated IT platforms, enable real-time monitoring of crop health, soil conditions, and weather patterns. This precision agriculture approach allows us to make informed, data-driven decisions applying inputs only where and when they are needed. As a result, we significantly reduce the overuse of fertilisers and pesticides, helping to preserve soil health, minimize environmental damage, and prevent nutrient runoff into surrounding ecosystems.



### Circularity in Our Operations

At KVPL, our environmental strategy is deeply rooted in the principles of sustainability and circularity. Through the implementation of the 7Rs - Refuse, Reduce, Reuse, Reclaim, Recycle, Repair, and Replace we continue to minimize our ecological footprint while enhancing resource efficiency across our operations.



### Combatting Climate Change-KVPL secures SBTi approval for emission reduction targets

As part of its ongoing commitment to environmental sustainability (and as reported last year) KVPL pledged its support to the Science Based Targets initiative (SBTi) in 2020, setting the course to become a “Carbon Conscious” and “Climate Friendly” organisation. With a long-term vision of achieving net-zero emissions by 2050, the company has continued to make steady progress toward this goal.

This year marked a significant milestone, as the SBTi formally approved KVPL’s greenhouse gas (GHG) emissions reduction targets following a rigorous validation process. In alignment with global climate science and the Paris Agreement, KVPL has committed to an ambitious near-term target of reducing Scope 1 and Scope 2 emissions by 58% by 2033. Additionally, the company has set a long-term target of achieving net-zero emissions by 2049





## Greening our footprints

### Materials Management

At KVPL we utilize both renewable and non-renewable materials in our operations. Our primary renewable inputs include green leaf, latex, and eco-friendly packaging materials such as paper bags elements that form a substantial portion of our supply chain. Meanwhile, essential non-renewable inputs like fertilisers, dolomite, and agrochemicals (in both liquid and solid forms) continue to play a role in our agricultural processes.

Central to our sustainability strategy is the implementation of smart precision agriculture and the deployment of technology. This year marked a transformative step in our journey toward smarter, more sustainable agriculture with the deployment of drones for liquid fertiliser application across all KVPL estates. These state of the art drones, integrated with advanced IT platforms, allow for real-time monitoring of crop health, soil conditions, and weather patterns. By embracing this precision agriculture approach, we're able to make informed, data-driven decisions ensuring inputs are applied only when and where they're needed. This targeted methodology greatly reduces the overuse of fertilisers and pesticides, helping to protect soil health, minimize environmental impact, and prevent nutrient runoff into nearby ecosystems. It's a clear example of how technology and sustainability can work hand in hand to shape the future of responsible agriculture.

In addition, we continue to leverage tools such as soil augers for testing and deploy targeted weed control techniques to ensure efficient resource application. Fertiliser use is guided by detailed soil analysis, allowing for accurate, site-specific application that minimizes waste. We also champion the use of organic alternatives such as compost derived from biodegradable estate waste and weeds which are blended with synthetic fertilizers to reduce environmental impact.

KVPL continuously holds itself to standards that exceed national regulatory benchmarks set by the Tea Research Institute and the Rubber Research Institute. Our goal is to align with internationally recognised sustainable agriculture practices, reinforcing our position as a responsible and forward-thinking leader in the plantation sector.

#### GRI 301-1

Usage of Non-renewable Material				
Type of Material	Unit	2024/25	2023/24	2022/23
Fertilizer	Kg	2,671,210	2,230,667	1,268,041
Dolomite	Kg	903,592	1,482,961	885,188
Agrochemicals (Liquid form)	Liters	51,619	18,342	10,437
Agrochemicals (Solid form)	Kg	1,355	2,838	4,252

Renewable Materials Used				
Type of Material	Units	2024/25	2023/24	2022/23
Bought leaf	kg	2,578,459	17,037,712	3,448,421
Estate leaf	kg	16,305,426	19,992,590	15,117,256
<b>Total green leaf</b>	<b>kg</b>	<b>18,883,885</b>	<b>37,030,302</b>	<b>18,565,677</b>
Bought latex	kg	387.94	245,306	280,202
Estate latex	kg	2,178,806	2,069,872	2,355,487
<b>Total latex</b>	<b>kg</b>	<b>2,179,194</b>	<b>2,315,178</b>	<b>2,635,689</b>
Packing Materials	kg	80,830	66,478	96,969
Firewood	m <sup>3</sup> /Cubes	27,183	29,182	27,584

#### GRI 301-2, 301-3

Due to the export-focused nature of its operations and ISO 22000:2018 certification of all tea processing centers, KVPL has limited scope to reclaim or reuse packaging materials. As a result, recycled materials are not currently used in the production process.

#### FB-AG-440a.2

Based on internal assessments and global water stress indices, 100% of our agricultural raw materials are sourced from areas classified as having High Baseline Water Stress.

### Pesticide usage

GRI 13.6

KVPL has committed to standards that go beyond the minimum agrochemical guidelines set by the Tea Research Institute and the Rubber Research Institute. This reflects our broader goal of aligning with internationally recognised sustainable agriculture practices and promoting long-term environmental stewardship.

As part of this approach, KVPL has implemented an Integrated Pest Management (IPM) plan that prioritises physical, cultural, and biological methods for pest control. Chemical pesticides are used only when pest populations reach economic threshold levels. In adherence to Rainforest Alliance (RA) and Forest Stewardship Council (FSC) certification guidelines, Environmental and Social Risk Assessments (ESRAs) are conducted for Highly Hazardous Pesticides (HHPs), and appropriate mitigation measures are applied to reduce risks to ecosystems, wildlife, and human health.

Additionally, annual Occupational Health and Safety training programs are conducted by qualified experts for all agrochemical sprayers, storekeepers, and relevant HR and health personnel, to ensure awareness and safe handling of chemicals.



### Energy Management

Tea processing is inherently energy-intensive, prompting KVPL to take a proactive stance on energy management. Our strategy emphasises reducing energy consumption while integrating renewable energy solutions wherever feasible. This commitment is driven not only by the operational benefits but also by the environmental advantages of renewables, especially when compared to the harmful greenhouse gas emissions associated with conventional energy sources.

KVPL's renewable energy journey began with the establishment of hydropower plants at Battalgalla estate in 2000. Since then, we have diversified our energy portfolio to include biomass and solar energy, as detailed in the table below.

The importance of energy conservation and the transition to renewable sources cannot be overstated for the well-being of the planet and future generations. The energy crisis of 2022 was a clear reminder of the urgent need for sustainable alternatives, particularly for countries like Sri Lanka.

Our renewable energy initiatives encompass hydropower, solar, and biomass. KVPL effectively utilizes the natural resources on its estates such as those in Glassaugh, Kalupahana, and Battalagalla by harnessing water streams and strong currents to generate electricity. This power is supplied to the national grid through the Ceylon Electricity Board (C.E.B). Additionally, several smaller hydropower units on our Tillyrie, Glassaugh, and Uda Radella estates provide energy directly to our factories, supporting on-site operations with sustainable power.

#### Hydro Power Generation on our estates

	2024/25	2023/24
	Units (kWh)	
Kalupahana	2,693,402	2,148,040
Glassaugh	9,751,773	4,964,061
Batalgalla	142,662	188,955
Uda Radella	-	15,922
<b>Total</b>	<b>12,587,837</b>	<b>7,316,978</b>

### Solar power projects

During the year under review, KVPL completed the construction of the roof top solar project at its Panawatte rubber processing center and awaits the addition of 301.4kWp units to the solar power generated at our locations.

The installation of solar panels at our Ingestre Tea Processing centre was completed this year and power generation is expected to begin over the new few months. Furthermore, the installation of solar panels on the roof top of our Regional Office in Dickoya will commence in coming financial year.



Ingestre and Panawatta rooftop solar projects



**Dewalakanda Solar project which commenced generation in 2018**

**833,903 kWh**  
Generation to date

**122,173 kWh**  
Generation in 2024/25

### Biomass Energy

Currently, KVPL meets approximately 95% of the energy requirements for tea drying and withering through the use of biomass boilers. These boilers are primarily fueled by non-viable rubber wood sourced from the company's own rubber plantations, ensuring both sustainability and self-sufficiency.

To maintain a reliable and renewable supply of biomass, KVPL actively plants dedicated fuelwood plots. Additionally, the Company operates three nurseries focused on cultivating fuelwood species, reinforcing its commitment to a sustainable biomass energy cycle.

### Energy Consumption within the Organization

GRI 302-1 FB-AG-130a.1

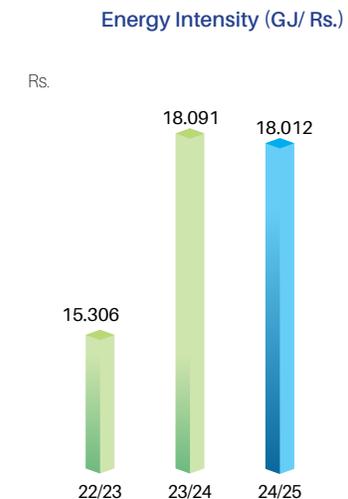
Energy Source	Amount (GJ)		
	2024/25	2023/24	2022/23
Total Diesel usage	13,910	13,234	13,995
Total Petrol usage	2,189	2,346	2,062
Firewood	110,431	118,554	112,061
LP Gas	388	364	297
<b>Total energy consumption from direct energy sources (GJ)</b>	<b>126,918</b>	<b>134,497</b>	<b>128,416</b>

Location	Amount of electricity energy consumed	
	2024/25	2023/24
Factory	17,135	19,965
Office	175	180
Bungalow(s)	513	498
Quarters	954	1,059
Others	230	228
<b>Total energy consumption from indirect energy sources (GJ)</b>	<b>19,007</b>	<b>2,1931</b>

Energy Source	Amount of energy used		
	2024/25	2023/24	2022/23
Total non-renewable energy usage (GJ)	35,495	37,875	36,920
Total renewable energy usage (GJ)	110,431	118,554	112,061
Percentage of renewable energy used	76%	76%	75%
Percentage grid electricity	13%	14%	14%

### Energy Intensity

GRI 302-3



### Reducing Energy Consumption

GRI 302-4

KVPL continuously looks for ways to reduce the energy consumed by its factory processes. During the year one of our Tea factories adopted a method, which was already in use by other companies, to reduce the firewood requirements for combustion for withering of Tea.

The modification to the process and the appliance was on a trial basis and is to be adopted in the near future. It is estimated to yield a 15% reduction in firewood usage, which would amount to a saving of 34 cubic meters per month and an annual saving of 136 trees from being felled.

Additionally, KVPL prioritises the use of LED lighting due to its significantly 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) across its factories to further optimize energy use. These initiatives, alongside broader conservation efforts, form a part of KVPL's commitment to reducing overall energy consumption and enhancing operational efficiency.

Energy Source	Amount (GJ)		Energy Reduction
	2024/25	2023/24	
Total Diesel usage	13,910	13,234	-676
Total Petrol usage	2,189	2,346	157
Firewood	110,431	118,554	8,123
LP Gas	388	364	-24
Electricity	19,007	21,931	7,642

#### GRI 302-5

Given our production profile, KVPL has limited opportunities to significantly reduce the energy requirements associated with its products and services, as core processes such as tea drying and withering are inherently energy-intensive and difficult to substitute with low-energy alternatives.

### Water and Effluents



#### GRI 13.7, 303-1 FB-AG-140a.2

Given KVPL's substantial water requirements as an agricultural enterprise relying primarily on natural surface water sources and rainfall the Company has adopted a range of measures to regulate water usage wherever feasible. In alignment with our commitment to reducing water consumption by a minimum of 2% annually, usage is closely monitored and documented at our Rainforest Alliance (RA) certified tea processing centers, with a focus on minimizing estate-level water footprints.

KVPL has implemented several initiatives to enhance water quality, including:

- Continuous maintenance of the water distribution network, resulting in the establishment of vegetation barriers and chemical-free buffer zones around water sources.
- Installation of wastewater treatment tanks in key locations to prevent seepage into natural water bodies.
- Regular upkeep of the water distribution system to ensure its functionality and integrity.
- Immediate corrective action whenever water quality drops below prescribed standards.
- Strict prohibition on locating septic tanks in flood-prone areas.
- Periodic laboratory testing of drinking water by independent agencies to ensure safety across all estates.
- Laboratory analysis of soak pit filtration efficiency to identify and promptly address any shortcomings.

As custodians of expansive ecosystems teeming with biodiversity, KVPL acknowledges the vital importance of preserving watershed areas. To this end, we have developed a comprehensive watershed management policy designed to protect all water resources within our landholdings. This policy enforces the use of chemical-free buffer zones and vegetation barriers, while soak pits are installed across estates to reduce water pollution from community-related activities.

Our dedication to maintaining water quality extends across various initiatives. These include:

- Preserving riverine forests and establishing water purification and distribution facilities.
- Partnering with external volunteer programs, such as the Kelani Valley Protectors' Initiative (KVPI).
- Collaborating with the IUCN as part of the "Surakimu Ganga" project, which supports government efforts to clean and safeguard the Kelani River basin.

KVPL's commitment to sustainable water practices is further reflected in our active participation in global initiatives. In 2009, KVPL became the first Regional Plantation Company (RPC) to sign the CEO Water Mandate, underscoring our role as a pioneer in responsible water stewardship. In recognition of our continued efforts, KVPL was appointed during the year to lead the Water and Ocean Stewardship Working Group under the UNGC Network Sri Lanka and was also appointed Patron of the group. We are proud of this recognition, which affirms our leadership and deep commitment to sustainable water management at both local and international levels.

**Water Withdrawal by Source**

GRI 303-3, 303-5 FB-AG-140a.1

As an agricultural enterprise, KVPL primarily depends on natural surface water sources to meet the demands for its manufacturing processes and overall operational needs.

Water is not consumed in the product manufacturing process; it is used only for cleaning and maintenance activities

Total Water withdrawn (Surface Water)	75,111,605 L
<b>Water Consumption for Agriculture</b>	
Monthly Average rainfall	356mm
Number of wet days	187

GRI 303-4

Water Treated by Effluent Treatment Plant:  
**46,303,254L**

Water Discharge Through Soak Pits:  
**53,439,535L**

Percentage regions with High Baseline Water Stress is 100%.

FB-AG-140a.3

There were no incidents of non-compliance with water quality permits, standards or regulations.

**Effluent Management**

GRI 303-2

In response to increasing concerns surrounding effluent and waste management in the rubber industry, KVPL has outfitted its rubber processing facilities with effluent treatment plants that are fully approved by the Central Environmental Authority (CEA).



**Biodiversity and Habitat Conservation**

GRI 13.3, 13.4, 304-1, 304-2, 304-3

KVPL's passionate commitment to biodiversity conservation has given rise to pioneering initiatives that are setting new benchmarks for sustainability in Sri Lanka's plantation as well as conservation sector. These efforts are not only innovative but also uniquely integrated into the company's core business model, One of them designed to be self-funding demonstrating that environmental stewardship can go hand in hand with commercial viability. Among these groundbreaking initiatives that have targeted biodiversity conservation are the Halgolla Research Tourism Project expected to be launched in the next financial year; the Agroforestry Project at Halgolla estate, which enhances biodiversity while improving land productivity; the Kelani Valley Protectors Initiative in the We Oya catchment, focused on safeguarding vital watershed ecosystems; and the Ellabedda Ridge Corridor Project in the Hatton region, aimed at preserving ecological connectivity. Detailed descriptions of these projects can be found on pages 144 to 146.

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity 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
<b>Total (ha)</b>	<b>2,047.68</b>



"The Tea based Agroforestry pilot project at Halgolla Estate, stands as a testament to KVPL's dedication to harmonizing tea cultivation with environmental stewardship and social well-being, while enhancing productivity. Through collaborative research and fieldwork, we're proud to be a strategic partner for this sustainable journey, that nurture both communities and ecosystems."



**Esther Wintraecken**

Learning professional and project developer 'Sustainable Agriculture', Wageningen University & Research, Netherlands

**IUCN Red List species and national conservation list species with habitats in areas affected by operations**

GRI 304-4

	Total SR		Endemic Taxa		Threatened Taxa	
	Sri Lanka	KVPL	Sri Lanka	KVPL	Sri Lanka	KVPL
Mammals	125	39	33	10	62	13
Birds	240	163	35	31	81	33
Reptiles	211	48	163	23	100	11
Amphibians	111	33	99	28	63	25
Freshwater Fish	91	33	60	17	52	13
Butterflies	245	106	31	11	101	22
Odonates	118	58	59	23	60	27
Land Snails	253	20	205	16	165	14
Sub Total Flora	3,087	738	863	139	1,496	152
Sub Total Fauna	1,394	500	685	159	684	158
<b>Total</b>	<b>5,875</b>	<b>1,738</b>	<b>2,233</b>	<b>457</b>	<b>2,864</b>	<b>468</b>

**Soil Conservation**

GRI 13.5

As an agricultural enterprise, KVPL fully recognises the critical importance of preserving and enhancing the health of the soil our most vital natural asset. Our soil conservation strategy is both comprehensive and forward-looking, designed to ensure long-term sustainability and productivity across our estates. KVPL implements a variety of techniques to maintain soil fertility, reduce environmental impact, and support biodiversity:

- Crop rotation is strategically practiced to maintain soil nutrient balance and reduce depletion.
- Cover cropping is prioritised to prevent erosion, improve soil structure, and support microbial life.
- We minimize chemical usage by favoring sustainable agricultural practices that enhance soil biodiversity and ensure long-term viability.

To conserve moisture and protect soil from evaporation and degradation, KVPL employs targeted ground cover management methods, including:

- Burying pruned litter in tea inter-rows to retain moisture in the soil for over two years.
- Mulching inter-rows with thatching materials or shade loppings to reduce water loss.

- Pruning tea bushes appropriately to support soil health and plant vigor.
- Applying organic matter, such as compost, weed compost, and refuse tea, to boost water retention capacity.
- Planting cover crops and cutting them back before the onset of drought to maintain ground cover.
- Leaving soft leaves on the soil surface as natural mulch.
- Soil rehabilitation, particularly in drought-prone areas, to improve moisture retention and soil structure.

**Erosion Prevention Measures**

KVPL actively mitigates soil erosion through a mix of proactive and restorative measures:

- Thorough land preparation before planting tea, including forking of mature fields, enhances soil aeration and water retention.
- Contour-based drain systems are used to manage runoff and prevent erosion. "Lock and spill" lateral drains with slit or reverse slopes are constructed along contour lines, enabling rainwater retention and promoting gradual absorption into the soil. These structures also trap sediment, reducing soil loss during heavy rains.
- A combination of on-farm and off-farm conservation techniques ensures landscape-level resilience against soil erosion.

**Emissions**

**Quantification of Our Carbon Emissions**

KVPL has undertaken a comprehensive assessment of its carbon footprint, encompassing operations across 25 estates located in the Nuwara Eliya, Hatton, and Yatiyantota regions. This quantification includes emissions across Scope 1, 2, and 3 categories:

- Scope 1: Direct emissions from sources owned or controlled by KVPL (e.g., fuel combustion on site).
- Scope 2: Indirect emissions from the generation of purchased electricity consumed by the company.
- Scope 3: All other indirect emissions across KVPL's value chain, including both upstream and downstream activities (e.g., transportation, product use).

Emission factors and Global warming potential taken for the calculations are referred from the latest IPCC Report. The base year for the calculation is 2022/23 FY as it is the most representative year.

The report has been prepared in-house and independently verified by the Sri Lanka Climate Fund, ensuring compliance with the ISO 14064-1:2018 Greenhouse Gas Verification Standard.

Armed with this comprehensive evaluation, KVPL is equipped to implement targeted and measurable emission reduction strategies, reinforcing our commitment to environmental responsibility and operational sustainability.

By leveraging a data-driven approach, we gain critical insights into our emissions profile, enabling smarter decision-making, enhanced resource efficiency, and the prioritisation of high-impact interventions. This proactive stance not only supports our sustainability goals but also strengthens our resilience in the face of evolving climate challenges and regulatory landscapes.

### GHG Emissions (tCO<sub>2</sub>e)

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 FB-AG-110a.1

Scope	2024/25	2023/24	Reduction in GHG emissions (tCO <sub>2</sub> e)
Direct (Scope 1) GHG Emissions	5,732	6,384	652
Energy indirect (Scope 2) GHG Emissions	2,259	2,606	347
<b>Total GHG emissions from Scope 1 and Scope 2</b>	<b>7,991</b>	<b>8,990</b>	<b>999</b>

Scope 3 GHG emissions for 2024/25 is 1,072tCo<sub>2</sub>e including expanded Scope 3 emissions from employee commuting and product exports.

### Emission Sources

- Scope 1: Stationary combustion, Mobile combustion, Fugitive emissions arise from the release of GHG 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.

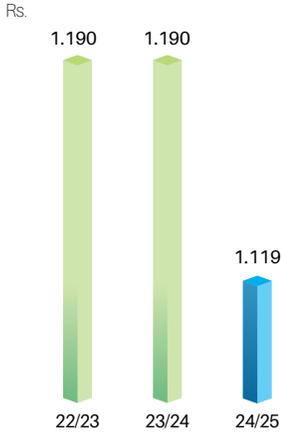
### Category wise emission as per the ISO 14064 -1:2018 standard

Emission Source	tCO <sub>2</sub> e	Emission Source	tCO <sub>2</sub> e
<b>Total Direct Emission (Round-up)</b>	<b>5,732</b>	Total Indirect Emission (Round-up)	3,330.68
<b>Category 1: Direct GHG emissions in tonnes CO<sub>2</sub>e</b>	<b>5,731.36</b>	<b>Indirect GHG emissions in tonnes CO<sub>2</sub>e</b>	<b>3,330.68</b>
<b>1.1 Direct emission from stationary combustion</b>	<b>1,381.85</b>	<b>Category 2: Indirect GHG emissions from imported energy</b>	<b>2,258.72</b>
Generators - Diesel	87.86	Grid Electricity	<b>2,258.72</b>
Generators - Petrol	3.28	<b>Category 3: Indirect GHG emissions from transportation</b>	<b>210.91</b>
Boilers - Firewood	1,266.18	Hired JCB - Diesel	73.04
LPG Consumption	24.54	Hired Vehicles - Diesel	96.37
<b>1.2 Direct emission from mobile combustion</b>	<b>947.34</b>	Hired Vehicles - Petrol	3.28
Road Transport - Diesel	421.11	Employee Commuting	38.22
Road Transport - Petrol	67.44	<b>Category 4: Indirect GHG emissions from product used by the organization</b>	<b>6,04.45</b>
Off-road Vehicles - Diesel	368.86	Hired Machineries - Petrol	0
Off-road Agricultural Machineries - Petrol	82.37	N <sub>2</sub> O emissions from Nitrogen Volatilization	185.98
Firewood cutting - Chainsaw machine - Petrol	7.56	<b>N<sub>2</sub>O emissions from Nitrogen leaching &amp; run-off</b>	<b>418.46</b>
<b>1.4 Direct fugitive emissions arise from the release of GHGs in anthropogenic systems</b>	<b>3,402.16</b>	Category 6: Indirect emissions from other sources	256.60
CO <sub>2</sub> emission from Urea application	617.30	Transmission & Distribution Loss	231.60
CO <sub>2</sub> emission from Dolomite application	430.71	Export	24.35
N <sub>2</sub> O emissions from Nitrogenous Fertilizers	1,859.84	Waste disposal	0.65
Waste Water Treatment	494.10	<b>Total GHG Emission</b>	<b>9,062.04</b>
CO <sub>2</sub> fire extinguishers	0.22		

**GHG Emission Intensity**

GRI 305-4

Emission Intensity (tCO<sub>2</sub>e/ Revenue)



GRI 305-6, 305-7

It is important to note that KVPL’s operations do not contribute to the release of ozone-depleting substances. Furthermore, emissions of nitrogen oxides (NOx) and sulfur oxides (SOx) resulting from our day-to-day operations and estate community activities are considered negligible.



FB-AG-110a.2

KVPL continues to take proactive steps to reduce its greenhouse gas (GHG) emissions through a range of targeted initiatives, including:

- **Reforestation programs** aimed at carbon sequestration and ecosystem restoration
- **Solar power projects** to reduce dependence on fossil fuels and lower Scope 2 emissions
- **Hydropower development**, providing clean, renewable energy to support estate operations

**Waste Management**

GRI 13.8 306-1, 306-2

As part of KVPL’s integrated Waste Management Program, both employees and estate communities are actively engaged in sustainable waste handling practices, including the segregation, collection, and composting of biodegradable waste. In addition, empty chemical containers used across the estates are responsibly recycled to minimize environmental impact and ensure safe disposal.

In addition, KVPL follows the 7 R’s principles in creating circularity within our operations. To cultivate a culture of environmental stewardship, KVPL conducts regular training and awareness programs, empowering employees with the knowledge and skills to adopt eco-friendly practices. These initiatives not only reinforce the company’s commitment to sustainability but also foster collective responsibility for long-term environmental conservation.

**Waste type and disposal method**

GRI 306-3, 306-4, 306-5

Nonhazardous	Weight Kgs	Disposal method
<b>Biodegradable waste</b>	29,025.06	Composting and Dumping
<b>Non-biodegradable waste:</b>		
Metal	4.00	Onsite storage
Glass	41.40	Recycling and Dumping
Plastic	65.85	Recycling and Dumping
Polythene	49.90	Recycling and Dumping
Paper	288.16	Sanitary land Filling
<b>Hazardous waste</b>	<b>Weight Kgs</b>	<b>Disposal method</b>
Empty Chemical cans	389.05	Recycling
Medical Waste	25.60	Incineration
Batteries	1.00	On site storage
Bulbs	16.50	On site storage
E- waste	80.30	On site storage

**Waste Diverted from disposal:**

- Recycling 389.05Kg

**Waste Directed to disposal**

- Open dumping/sanitary land filling: 403.91Kg
- Onsite storage:143.2Kg
- Insineration:25.6Kg

Given the inherent risk of the Sector to physical climate related risks, mechanisms have long-since been in place to assess the operational implications of weather and climate related changes on KVPL. The management employs robust controls and procedures to support the oversight of sustainability and climate related risks and opportunities. These procedures are integrated with other internal functions such as operations, finance, and human resources, enhancing the overall governance framework, and KVPL takes a strategic approach to addressing these risks. This report outlines KVPL's overarching climate strategy, highlighting our progress toward achieving our sustainability goals, our approach to managing climate-related risks, and our roadmap to achieving net-zero emissions by 2049. It has been prepared in alignment with the IFRS Sustainability Disclosure Standards, specifically applying IFRS S2 Climate-related Disclosures in accordance with IFRS S1, and incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

By outlining our approach, we aim to enhance stakeholders' understanding including investors, customers, employees, and the wider community of how these critical elements are seamlessly integrated into our overall corporate strategy.

The report is structured as follows: Overview, Governance, Strategy, Risk Management, Metrics and Targets.

### Overview

Following an approach of minimising our Carbon Footprint through numerous and a diverse mosaic of initiatives over the years, KVPL continues to refine and elevate its approach. We have now transitioned to a clear cut path towards becoming net zero. As part of our ongoing commitment to environmental sustainability (and as reported last year) KVPL pledged its support to the Science Based Targets initiative (SBTi) in 2020, setting the course to become a "Carbon Conscious" and "Climate Friendly" organisation. With a long-term vision of achieving net-zero emissions by 2050, the Company has continued to make steady progress toward this goal. This year, KVPL obtained formal approval from SBTi.

KVPL is strengthening business resilience by proactively identifying and addressing climate-related risks and opportunities (CRROs). Through the early adoption of the SLFRS S1 and S2 Standards, following a climate-first reporting approach, we have embedded the identification, reporting, and mitigation of CRROs into our governance structures, risk management frameworks, and broader organisational culture.

As part of this journey, we have initiated climate scenario analysis, albeit at a preliminary level, to prepare for the full implementation of these standards in the coming years.

### Our Net Zero Journey

A key pillar of our strategy involves renewable energy generation through hydro and solar projects, supporting both our decarbonisation goals and energy resilience.

These disclosures aim to provide a clear and transparent narrative on how climate-related risks and opportunities influence our financial performance and long-term stability. They also reinforce our commitment to climate action, sustainable development, and building a resilient business for the future.

This year marked a significant milestone, as the (Science Based Targets Initiative) SBTi formally approved KVPL's greenhouse gas (GHG) emissions reduction targets following a rigorous validation process. In alignment with global climate science and the Paris Agreement, KVPL has committed to an ambitious near-term target of reducing Scope 1 and Scope 2 emissions by 58% by 2033. Additionally, the Company has set a long-term target of achieving net-zero emissions by 2049

### Governance of the Company's Sustainability Risks and Opportunities

At KVPL, the Managing Director has 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 in 2022, comprising KVPL's CEO, CFO, Heads of 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.

The Steering Committee, which is chaired by the Head of Sustainability, who is a member of the Senior Management team, convenes once a month to assess progress with regard to ESG objectives and towards the United Nations Sustainable Development Goals (UNSDGs). Key discussion points from these Steering Committee meetings are shared at KVPL's monthly Management Committee meetings to ensure alignment with the strategies and objectives of the Company and the Group. The outcomes of these meetings are then communicated to the Hayleys Group Plantation Sector's ESG Steering Committee, which is led by Dr. Roshan Rajadurai, Managing Director of KVPL and a member of the Hayleys Group Management Committee (GMC). This integration ensures that sustainability considerations are seamlessly woven into overarching corporate strategies and objectives and the Steering Committee continues to provide leadership in driving ESG strategies and guiding their implementation.

As KVPL falls within the organizational framework of its parent group, Hayleys PLC, we are also brought under the unified steering committee which is dedicated to advancing sustainability across the entire Group. The Hayleys Group's ESG Steering Committee includes KVPL's Managing Director (who is the MD of all three Plantations Companies of the Group) serving as Board Director, Operational

Directors, Heads of Finance and Sustainability as well as selected members of KVPL ESG Steering Committee. This collaborative structure fosters synergies and enables comprehensive oversight, ensuring that Environmental, Social, and Governance considerations are strategically addressed.

**Strategy & Risk Management**  
**Assessing the Materiality of Climate Related risks:**

We evaluate both physical and transitional risks and opportunities in alignment with the Climate Related Task Force on Climate related Financial Disclosures (TCFD) recommendations, employing a structured five-step method.

KVPL began by identifying and understanding the potential sustainability-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 rainfall, temperature variations, physical water availability, etc.) and transition risks (such as 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**

We applied three distinct time horizons across three plausible climate scenarios to assess the potential impact of climate-related risks and opportunities on our business. These scenarios were selected

based on the availability of reliable reference data, their alignment with our strategic plans and operational timelines, and their consistency with both national and international climate objectives. This approach enables us to better understand how various climate trajectories could affect our operations, financial performance, and long-term resilience.

The identified climate-related risks and opportunities have been categorized based on their time horizons to align with company Corporate strategy planning cycles and long-term sustainability goals.

- Short Term (0-1 years) : Immediate operational adjustments to address pressing climate-related risks and capitalize on immediate opportunities.
- Medium Term (1-5 years) :Necessary adaptations in our business model to ensure continued growth and climate resilience.
- Long Term (5+ Years) :Comprehensive strategic shifts to transform our business and secure long-term success in the face of climate change.

KVPL Scenarios	Reference global scenarios		Local context	Assumptions
Scenario A- Net Zero	C3/SSP 1-2.6	NZE	CPP	<ul style="list-style-type: none"> <li>➤ Sri Lanka meets its conditional and unconditional NDC commitments achieving rapid decarbonisation of energy systems and technically, socially and financially feasible transition plans.</li> <li>➤ Significant reduction in the demand for fossil fuels and pricing strategies for fuel which in turn leads to steep declines in emissions</li> </ul>
Scenario B-Current pathway	C6/SSP 2-4.5	APS	NDC	<ul style="list-style-type: none"> <li>➤ The country meets its unconditional NDC commitments, meetings its adaptation ambitions and sectoral reduction targets</li> <li>➤ Limited external investments in technology and funding to drive the transition to low Carbon.</li> <li>➤ Average temperatures expected to increase by approximately 2.50 °C</li> </ul>
Scenario C-Divergence	C7/SSP 3-7.0	STEPS	BAU	<ul style="list-style-type: none"> <li>➤ There remains a significant global and local implementation gap in achieving decarbonisation goals, contributing to continued and severe weather-related impacts on both businesses and communities.</li> </ul> <p>This scenario reflects a continuation of the current trajectory, with no substantial climate-related interventions or policy shifts, thereby exacerbating the risks associated with climate change.</p>

Scenario Analysis

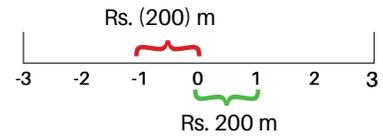
Identified Risk		Scenario A - Net Zero	Scenario B - Current Pathway
Category	Risk		
Physical	Rainfall	<p><b>Short Term:</b> Improved rainfall patterns due to proactive climate actions.</p> <p><b>Medium Term:</b> Stable precipitation supports consistent crop yields.</p> <p><b>Long Term:</b> Efficient water resource management stabilizes plantation operations.</p>	<p><b>Short Term:</b> Continued erratic rainfall with localized droughts.</p> <p><b>Medium Term:</b> Moderate water stress in drier zones.</p> <p><b>Long Term:</b> Increased need for irrigation infrastructure.</p>
	Temperature variances	<p><b>Short Term:</b> Temperature control through afforestation and shade trees.</p> <p><b>Medium Term:</b> Manageable moderate temperature rise.</p> <p><b>Long Term:</b> Achieved stabilization through emission reductions.</p>	<p><b>Short Term:</b> Gradual warming.</p> <p><b>Medium Term:</b> Productivity losses in heat-sensitive crops.</p> <p><b>Long Term:</b> Greater pressure from pest and disease occurrence.</p>
	Water Availability	<p><b>Short Term:</b> Water use optimization through conservation techniques.</p> <p><b>Medium Term:</b> Investment in water harvesting and efficient use.</p> <p><b>Long Term:</b> Resilience through integrated watershed management.</p>	<p><b>Short Term:</b> Increasing demand-supply mismatch.</p> <p><b>Medium Term:</b> Limited investment in water infrastructure.</p> <p><b>Long Term:</b> Reliance on external water sources.</p>
Transition	Customer requirement on Sustainability	<p><b>Short Term:</b> Shift to certified sustainable practices.</p> <p><b>Medium Term:</b> Strong demand for traceable and eco-friendly products.</p> <p><b>Long Term:</b> Market advantage due to early compliance.</p>	<p><b>Short Term:</b> Rising demand for sustainable products not fully met.</p> <p><b>Medium Term:</b> Loss of competitive edge.</p> <p><b>Long Term:</b> Forced adoption under market pressure.</p>
	Technology	<p><b>Short Term:</b> Adoption of precision agriculture tools.</p> <p><b>Medium Term:</b> Integration of IoT and AI for yield optimization.</p> <p><b>Long Term:</b> Fully automated and low-carbon operations.</p>	<p><b>Short Term:</b> Limited technology adoption due to cost constraints.</p> <p><b>Medium Term:</b> Partial mechanization.</p> <p><b>Long Term:</b> Lagging behind global innovation curve.</p>

Scenario C - Divergence

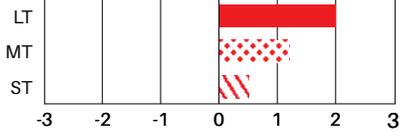
Response and resilience of our strategy

**Short Term:** Severe and unpredictable rainfall events.  
**Medium Term:** Impact from Frequent floods and droughts on crop viability.  
**Long Term:** Significant loss in arable land due to weather extremes.

The company is pursuing increased diversification of its crop portfolio, given the high sensitivity of Tea and Rubber to weather conditions. Data-driven monitoring of precipitation and rainfall patterns will support the identification of correlations between these variables and crop quality, yield, and quantity. Further investments may be required over the medium to long term to effectively leverage technology for precision agriculture and to minimize the impact of weather variability.

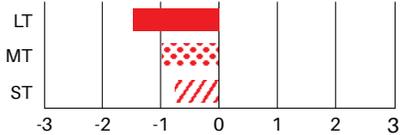


Financial Implications



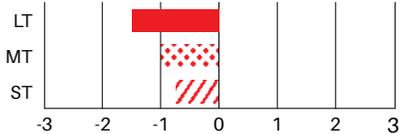
**Short Term:** Rapid increase in daytime temperatures.  
**Medium Term:** Crop stress and loss of biodiversity.  
**Long Term:** Unsuitable climate for key plantation crops.

The company is pursuing climate-smart agriculture techniques, including the use of climate-resilient crop varieties and regenerative practices. Crop diversification is also being explored to increase the contribution from more climate-resilient crops.



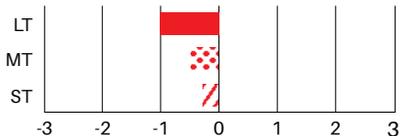
**Short Term:** Acute water shortages during dry spells.  
**Medium Term:** High operational disruption due to water scarcity.  
**Long Term:** Chronic water stress threatening long-term viability.

Invest on Rainwater harvesting initiatives and increase the water use efficiency in production facilities.



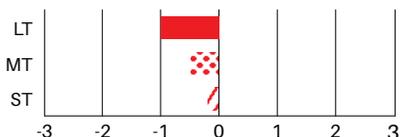
**Short Term:** Low prioritization of sustainability.  
**Medium Term:** Loss of access to key international markets.  
**Long Term:** Decline in Reputation and revenue.

The company will invest on obtaining new certifications to meet customer demands. Integrate ESG targets into company operations and adhere to demanding reporting guidelines and emerging regulations.



**Short Term:** Resistance to tech adoption.  
**Medium Term:** Obsolescence of legacy systems.  
**Long Term:** Inefficiency and reduced output.

The company will adopt energy efficient process improvements, deploying technology to measure and monitor environmental performance. Strategic emphasis on shifting for mechanisation of harvesting operation.



### Evaluation of Climate Related Risks & Opportunities :

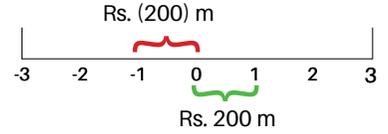
KVPL has identified a range of physical and transition risks that could have significant impacts on its financial performance and value creation while informing its strategy. The table below represents risk exposures of KVPL.

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.

Climate related Tea industry research studies indicate that most of the optimal and medium suitability areas in Sri Lanka's low elevation regions will significantly decline compared to high elevation areas across all tested RCPs. By 2050, there will be an approximate reduction of 10.5% in total 'optimal' suitability areas, 17% in 'medium' suitability areas, and 8% in 'marginal' suitability areas. These projections suggest a negative impact of climate change on tea habitat suitability in Sri Lanka, necessitating strategic adaptations in tea cultivation practices.

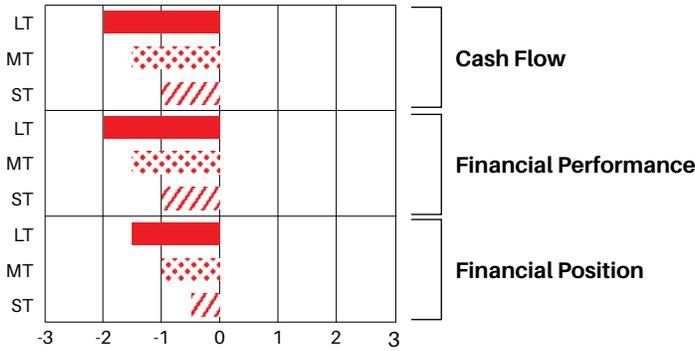
The below table summarizes the identified climate related physical and transitional risk and results of the impact evaluation.

Identified Risk		Description	Time Horizons	Current and Anticipated Impact	
Category	Risk			Business Model and Value Chain	
Physical	Rainfall	Unpredictable fluctuations in precipitation and rainfall patterns	Short, medium and long-term	<ul style="list-style-type: none"> <li>➤ Implications for the Quality, Yield, and Quantity of Agricultural Crops: Irregular and extreme rainfall patterns can disrupt planting and harvesting cycles, negatively affecting crop quality, reducing yields, and lowering overall production volumes.</li> <li>➤ Adverse Impacts on the Supply, Quality, and Pricing of Agricultural Inputs: Heavy rainfall and flooding can disrupt transportation and logistics, leading to delays and increased costs in the supply of agricultural inputs such as fertilizers and seeds. Prolonged moisture exposure may also compromise input quality.</li> <li>➤ Damage to Physical Assets from Extreme Rainfall: Intense rainfall events can cause flooding and soil erosion, resulting in damage to critical infrastructure such as access roads, storage facilities, and field equipment. This can interrupt operations and increase maintenance and repair costs.</li> </ul>	
	Temperature variance	Consistent rise in mean temperatures, resulting a higher number of extreme heat days	Medium and Long Term	<ul style="list-style-type: none"> <li>➤ Implications on the quality, yield and quantity of selected agricultural crops including tea and rubber</li> <li>➤ Adverse implications on productivity of labour force</li> </ul>	
	Water Availability	Fluctuations and limited availability in water supply stemming from the country's water scarcity	Short, medium and long-term	<ul style="list-style-type: none"> <li>➤ Operational disruptions</li> <li>➤ Implications on the quality, quantity and yield of agricultural produce</li> <li>➤ Implications on employee productivity and well-being</li> <li>➤ Disruptions to supply chains</li> </ul>	



**Financial Implications**

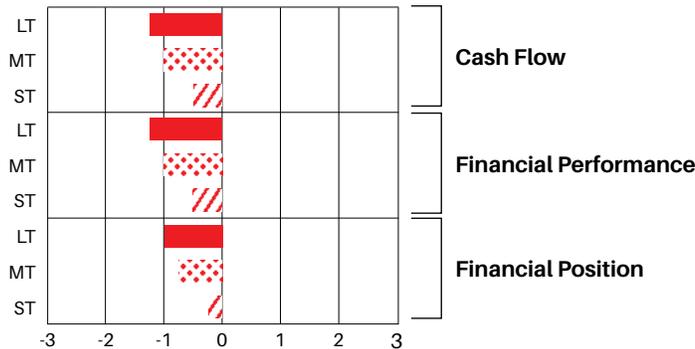
- Revenue: Impacted by fluctuations in crop pricing and quantities
- Operating costs: Cost stemming from operational disruptions, broad-basing supplier base and increased insurance costs
- Capital expenditure: Potential infrastructure repairs and investments in climate adaptation and mitigation



**Strategy and Decision Making**

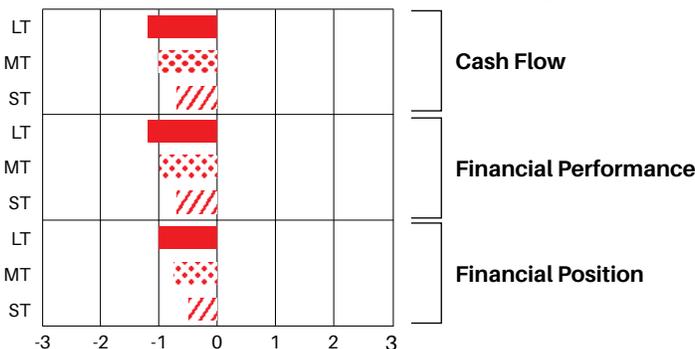
- Crop diversification
- Climate-smart agriculture solutions
- Strategic development programmes across supply chains
- Strengthening insurance arrangements

- Revenue: Impacted by fluctuations in the price and quantity of agricultural produce



- Crop diversification
- Geographical diversification of operations and supply chains
- Explore opportunities in climate resilient crop varieties

- Revenue: Adverse impacts stemming from potential reductions in agricultural production quantities
- Operating costs: Increased costs of procuring alternative water supplies
- Capital expenditure: Investments in rainwater harvesting and effluent treatment plants



- Rainwater harvesting and increased re-use of water
- Water efficiency drives to increase optimisation of water resources
- Nurturing a culture of water consciousness

Identified Risk		Description	Time Horizons	Current and Anticipated Impact	
Category	Risk			Business Model and Value Chain	
Transition	Customer requirement on Sustainability	The risk that evolving customer expectations and market standards related to environmental, social, and governance (ESG) practices such as sustainable sourcing, product traceability, and ethical labor will not be met by the organization.	Short, Medium and Long term	<p>➤ <b>Increasing Demand for Sustainable Practices:</b> Customers, particularly in international markets, are placing growing emphasis on environmentally responsible sourcing. There is an increasing expectation for plantations to adopt sustainable agricultural practices, reduce carbon emissions, and minimize environmental impact.</p> <p>➤ <b>Certification and Traceability:</b> Buyers are requiring third-party certifications (e.g., Rainforest Alliance, Fair Trade) and full traceability of products to ensure ethical and sustainable production. Meeting these requirements is becoming essential for market access and competitiveness.</p> <p>➤ <b>Reputation and Market Access:</b> Companies that fail to align with evolving sustainability expectations risk losing market share, damaging brand reputation, and facing exclusion from key export markets. Early adoption of sustainability standards offers a strategic advantage.</p>	
	Technology	Deployment of technologies supporting the transition to a low-carbon economy	Medium and Long term	<p>➤ Product, process and packaging innovations targeted towards reducing lifecycle environmental impacts of products</p> <p>➤ Potential to attract new customers and enter new markets through sustainable and low carbon product solutions</p>	
Opportunities	Renewable Energy	Transitioning to low emission energy alternatives such as solar, hydro and biofuels	Short, medium and long-term	<p>➤ Adoption of low-emission energy alternatives aligned with Sri Lanka Net Zero Roadmap for 2030</p>	

**Financial Implications**

➤ **Revenue:**

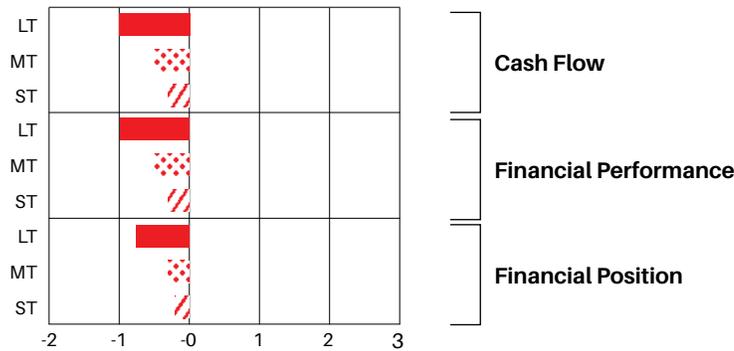
Failure to meet sustainability expectations can result in lower sales volumes, inability to charge premium prices, and overall revenue decline.

➤ **Operating Costs:**

Transitioning to sustainable practices may initially increase operating costs due to requirements such as certification, traceability systems, and environmentally friendly inputs.

➤ **Capital Expenditure :**

Meeting customer sustainability demands often requires significant upfront investment in new infrastructure, technologies, and training. Examples include installing renewable energy systems, upgrading waste management facilities, and adopting precision agriculture tools.

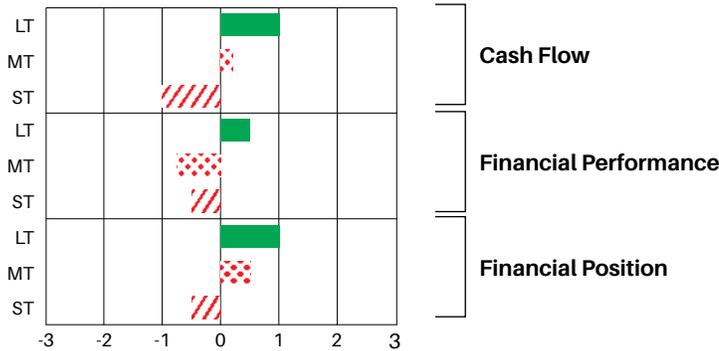


**Strategy and Decision Making**

- Obtain new certifications to meet customer demands
- Integrate ESG targets into company operations
- Adhere to demanding reporting guidelines and emerging regulations

➤ **Operating costs:** Costs of alternative energy sources and costs associated with discontinuing/ displacing conventional technology

➤ **Capital expenditure:** Investments in new green technology

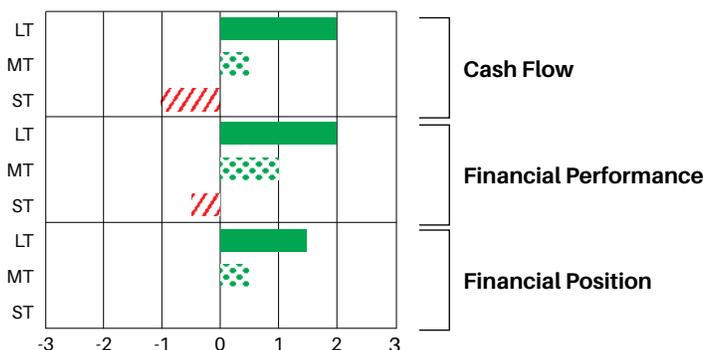


- Adoption of energy efficient process improvements
- Deploying technology to measure and monitor environmental performance
- Strategic emphasis on shifting for mechanization of harvesting operation

➤ **Revenue:** Growth in solar installation solutions and energy storage

➤ **Operating costs:** Over the long-term the shift to renewable/sustainable energy can reduce costs

➤ **Capital expenditure:** Investments in new physical assets and infrastructure



- Ongoing investments in renewable energy solutions

Identified Risk		Description	Time Horizons	Current and Anticipated Impact	
Category	Risk			Business Model and Value Chain	
	Sustainable Agriculture Practices	Implementing sustainable agriculture techniques, such as agro-forestry, permaculture and organic farming, can improve soil health, sequester carbon, and enhance biodiversity.	Medium and Long term	<ul style="list-style-type: none"> <li>➤ Adopting sustainable agriculture practices such as organic fertilization, soil conservation, integrated pest management, and water-efficient irrigation can enhance long-term productivity, reduce input costs, and improve resilience to climate-related risks. It also strengthens brand reputation, attracts sustainability-conscious consumers, and opens access to premium markets.</li> <li>➤ Sustainability initiatives influence the entire value chain by encouraging responsible sourcing, improving traceability, and fostering collaboration with suppliers and buyers. Upstream, it promotes eco-friendly input production; downstream, it enhances product marketability and compliance with regulatory and buyer standards. Over time, this alignment drives greater transparency, efficiency, and value creation across the chain.</li> </ul>	

### Developed Response Strategies

Based on insights from our climate scenario analysis, KVPL has formulated a comprehensive set of response strategies to proactively manage climate-related risks and leverage opportunities. These strategies are aligned with national and international frameworks and are integrated across governance, operations, and stakeholder engagement levels.

#### Strategic Actions:

- **Target Setting and Accountability**  
Climate-related targets and goals are cascaded to the ESG Steering Committee, with operational KPIs assigned to relevant Business Units. Progress is monitored and evaluated quarterly to ensure alignment with strategic objectives.

- **Science-Based Net Zero Commitment**

KVPL is committed to achieving net zero by 2050 through a science-based approach, aligned with the Science Based Targets initiative (SBTi). Verification and validation are ongoing to ensure credibility and transparency.

- **Investments in Energy Efficiency and Renewables**

Continued investment in energy efficiency measures and renewable energy projects (solar, hydro) remains a priority to reduce greenhouse gas emissions and manage long-term energy costs.

- **Biodiversity and Ecosystem Conservation**

We are accelerating efforts in ecosystem restoration and biodiversity conservation, recognising the role of healthy landscapes in climate resilience and carbon sequestration.

- **Knowledge Sharing and Community Engagement**

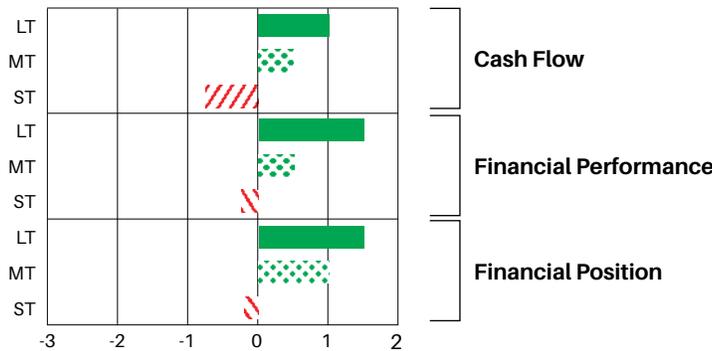
We actively engage in knowledge sharing with local communities and schools, empowering the next generation with climate awareness and sustainable practices. Educational programs are designed to foster long-term behavioural change and stewardship.

- **Awareness and Youth Engagement in Climate Action**

Dedicated campaigns and school-based initiatives are conducted to raise awareness and encourage the participation of youth in climate action efforts, fostering a culture of environmental responsibility.

**Financial Implications**

- **Impact on Revenue:** Increased revenue by improving product quality, enabling access to premium markets, and strengthening brand reputation.
- **Impact on Operating Costs:** Initially, operating costs may rise due to investment in training, organic inputs, and process changes. However, over time, these practices can reduce dependency on synthetic fertilizers and pesticides, lower water and energy use, and improve soil health leading to cost efficiencies and operational savings.
- **Impact on Capital Expenditure:** Implementing sustainable agriculture often requires upfront investment in new infrastructure and technology (e.g., irrigation systems, composting units, soil monitoring tools). These capital expenses are essential for long-term productivity, regulatory compliance, and environmental resilience.



**Strategy and Decision Making**

- Soil Conservation measures
- Water Conservation measures
- Shade management
- Regenerative Agriculture practices

**Transparent Emissions Disclosure**

We are committed to enhancing transparency around Scope 1, 2, and 3 emissions and disclosing associated risks in both financial reports and sustainability disclosures.

**Catchment and Watershed Management**

KVPL is actively involved in catchment area enrichment and watershed management, including leadership in national efforts such as the Surakimu Ganga Programme, contributing to water security and ecosystem restoration.

**Collaborations and Partnerships**

We continue to expand strategic collaborations with local and international partners to establish transparent, science-based frameworks for achieving our climate goals.

**Global Stewardship Participation**

KVPL chairs and actively participates in the UN Global Compact (UNGC) Water and Ocean Stewardship Working Group, contributing to the advancement of sustainable water and marine ecosystem management.

**Risk Management**

**Processes for Identifying and Assessing Risks**

KVPL integrates climate-related risks into its Enterprise Risk Management (ERM) framework. Climate risks are assessed based on likelihood, impact, and time horizon, and reviewed bi-annually.

**Risk Prioritization**

Key risks (e.g., flooding, drought, rising input costs) are prioritized for mitigation based on their impact on revenue, operations, and supply chains. Tools like climate scenario analysis, GIS mapping, and yield modeling are used to assess exposure.

**Integration with Overall Risk Management**

Climate risks are treated as strategic risks and are addressed alongside financial, operational, and market risks. These are reported to the Board and inform strategic planning, budgeting, and capital expenditure decisions.

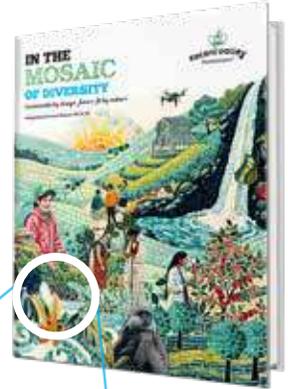
**Metrics Used**

- GHG Emissions (Scope 1 and 2): Measured annually across operations
- Energy Use: Share of renewable vs non-renewable sources
- Water Use Efficiency: Litres per kg of produce
- Crop Yield per Hectare: As an indicator of climate impact
- Climate Event Impact Costs: Yearly capex/opex linked to weather-related damage

**Targets**

- Achieve Net Zero emissions by 2049
- Transition to 50% renewable energy by 2030
- Reduce Scope 1 and 2 GHG emissions by 30% by 2030 (baseline: 2020)
- Improve water use efficiency by 20% by 2028

# Guardians of the Green Mosaic



We embrace biodiversity as a cornerstone of sustainable agribusiness. Through ecological stewardship and nature-positive practices, we protect vital ecosystems, ensuring that every living piece contributes to a thriving whole.





## 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 and voluntary 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 Listing Rules of the Colombo Stock Exchange 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 handwritten signature in black ink, appearing to read 'M. Pandithage', with a horizontal line underneath.

**Mohan Pandithage**  
Chairman

Corporate Governance refers to the system of rules, practices, and processes by which an organization is directed, controlled, and managed. It serves as a guiding framework that enables the development and execution of effective corporate strategies, supporting the organization's progress. At Kelani Valley Plantations PLC ("KVPL"), we are committed to the highest standards of governance, fostering a culture of trust, transparency, and accountability key pillars for driving long-term investment, financial stability, ethical business conduct, sustainable growth, and inclusive development.

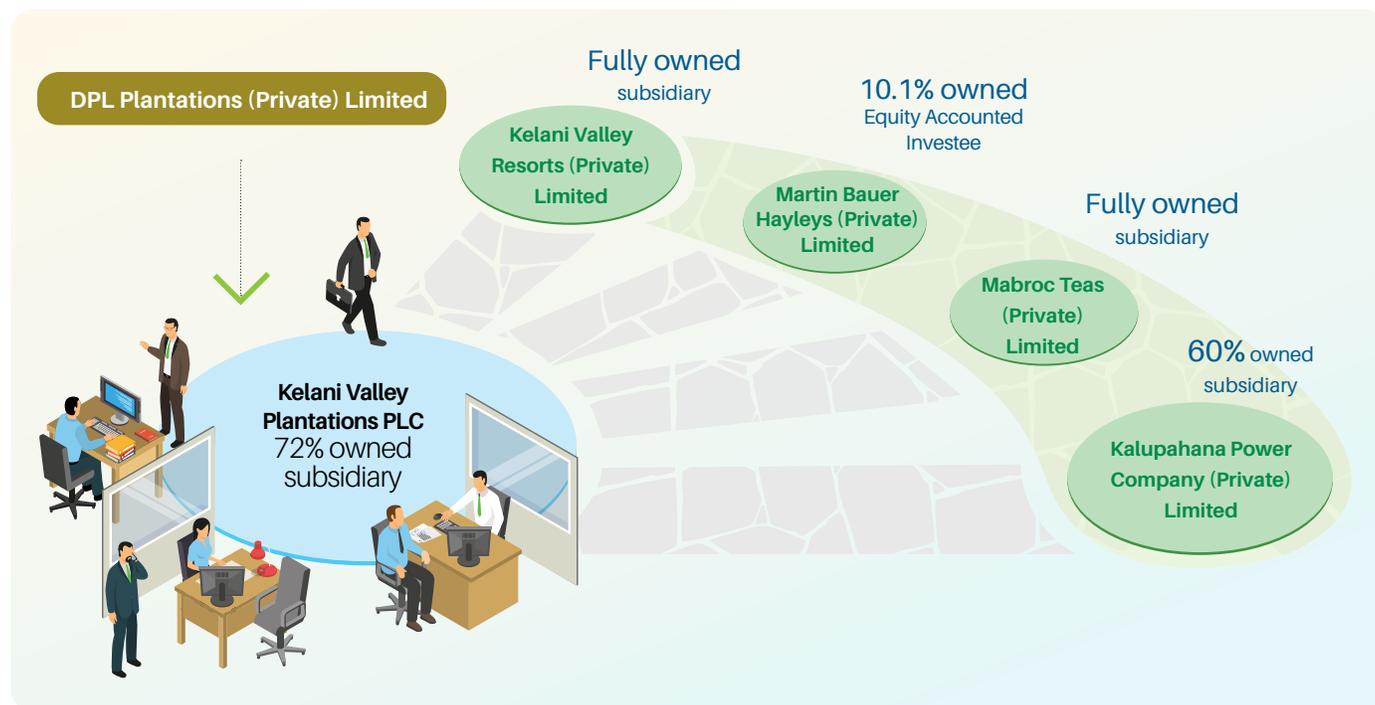
The Corporate Governance Framework at KVPL plays a critical role in ensuring the Company's sustainability and continued success.

KVPL affirms its full compliance with all mandatory provisions of the Companies Act No 07 of 2007, ("the Companies Act") the Listing Rules of the Colombo Stock Exchange ("CSE"), the Securities and Exchange Commission of Sri Lanka Act (SEC), and all other applicable laws and regulations governing its operations. Additionally, the Company aligns its governance practices with the Code of Best Practices on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka ("ICASL"), as well as the Sri Lanka Financial Reporting Standards (SLFRS) Sustainability Standards S1 and S2.

### Ownership

Kelani Valley Plantations PLC is a member of the Hayleys Group and a subsidiary of DPL Plantations (Private) Limited, which is a fully owned subsidiary of Dipped Products PLC (DPL), a leading manufacturer of hand-protection wear in the world. Mabroc Teas (Private) Limited and Kelani Valley Resorts (Private) Limited are fully owned subsidiaries of KVPL. Mabroc Teas (Private) Limited is one of Sri Lanka's leading tea exporter supplying a wide range of teas to the global markets. Kelani Valley Resorts (Private) Limited operates the Oliphant Boutique Bungalow which is managed by Hayleys Leisure PLC.

In association with Eco-Power (Private) Limited, KVPL established Kalupahana Power Company (Private) Limited, in 2003, contributing 1 Mw of electricity through its mini-hydro plant. 60% of Kalupahana Power Company (Private) Limited is owned by KVPL. Martin Bauer Hayleys (Private) Limited is an equity accounted investee of KVPL and has a 10.1% of ownership.



These guidelines, which are updated periodically, outline matters that require Board and respective Committee approval, advice or review. The Company adopts the Code of Best Practice on Corporate Governance 2023, which has been recommended by the CSE, by for adaption by listed companies. In addition to the Listing Rules, the Code of Best Practice on Corporate Governance 2023 is used as a guideline to determine operational structures and processes that exemplify good governance practices across the business.

## A Balanced Board

GRI 2-9, 2-11, 2-15, 2-17

The Board of Directors at KVPL plays a vital role in steering the Company's strategic direction and ensuring its long-term success and sustainability. They oversee and guide the Company's overall operations with integrity, always acting in good faith and in the best interest of the organization.

The Board is committed to upholding the highest standards of corporate governance and ethical conduct, maintaining transparency and accountability in all decision-making processes. The Board has established clear policies to identify, disclose, and manage conflicts of interest. Directors are required to declare any personal or professional interests that may affect their impartiality. Such disclosures are regularly reviewed, and appropriate measures are taken to ensure decisions are made in the best interest of the Company, maintaining transparency and integrity in governance.

The Board comprises ten Directors seven of whom are Non-Executive Directors, including three who are independent. The remaining three are Executive Directors, including the Chairman and the Managing Director.

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.

In line with our commitment to sustainability and responsible governance, the Board of Directors of KVPL has actively participated in ESG and sustainability-related training and awareness sessions. These initiatives enhance the Board's capacity to oversee and integrate sustainability considerations into strategic decision-making and corporate governance practices.

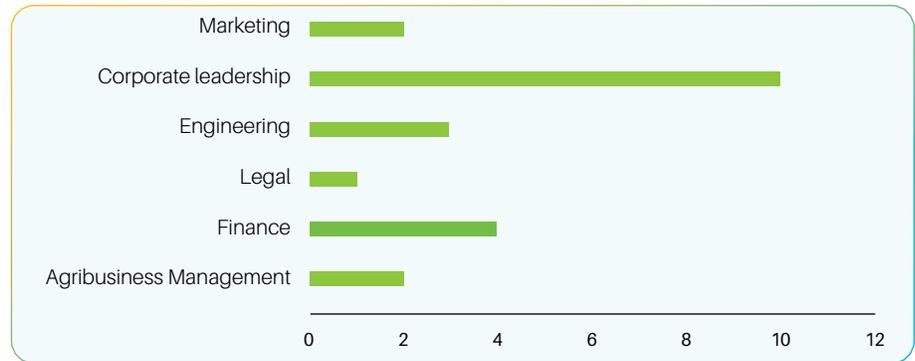
The Board considers that the preset composition and expertise is sufficient to meet the needs of the Group. The Non-Executive Directors contribute their knowledge and experience collectively gained through their experience in serving or having served in a variety of public and private organisations.

The profiles of the Directors are found on pages 16 and 18 of this report.

### Diversity of Age

With 30% of its Directors under the age of 60, the Board benefits from a balanced mix of experienced leadership and new perspectives, fostering dynamic and forward-thinking decision-making

### Board Skill Composition



### Attendance at the Board Meetings

Name of the Director	Classification of the Directorship	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. Mohan Pandithage - Chairman*	Executive Director	4	4
Dr. Roshan Rajadurai - Managing Director*	Executive Director	4	4
Mr. Anura Weerakoon - Chief Executive Officer*	Executive Director	4	4
Mr. Sarath Ganegoda**	Non-Executive Director	4	4
Mr. Nandana Ekanayake - Senior Independent Director***	Independent Non-Executive Director	4	4
Mr. Faiz Mohideen**	Non-Executive Director	4	4
Mr. Chathura Cabraal**	Non-Executive Director	4	4
Mr. Sujeewa Peiris**	Non-Executive Director	4	4
Mr. Malaka Talwatte***	Independent Non-Executive Director	4	4
Mrs. Saumya Amarasekera,PC***	Independent Non-Executive Director	4	2

\*Executive Director, \*\* Non-Executive Director, \*\*\* Independent Non-Executive Director

#### Board Composition

- 3 Executive Directors
- 4 Non-Independent Non-Executive Directors
- 3 Independent Non-Executive Directors

#### Tenure of Service

- >8 5
- 5 - 8 1
- 2 - 5 1
- <2 3

#### Gender Representation

Female

10%

Male

90%

## Number and Name of Directorships Held in Sri Lanka (Excluding Kelani Valley Plantations PLC)

Name of the Director	Classification of the Directorship	Listed Companies	
		Executive	
<b>Mr. Mohan Pandithage - Chairman</b>	Executive Chairman	Hayleys PLC	
<b>Listed Companies;</b>		Dipped Products PLC	
Executive - 11 and Non-Executive - 01		Singer (Sri Lanka) PLC	
<b>Unlisted Companies;</b>		Hayleys Fabric PLC	
Executive - 120 and Non-Executive - 10		The Kingsbury PLC	
		Horana Plantations PLC	
		Hayleys Leisure PLC	
		Talawakelle Tea Estates PLC	
		Hayleys Fibre PLC	
		Haycarb PLC	
	Alumex PLC		
<b>Dr. Roshan Rajadurai - Managing Director</b>	Executive Director	Talawakelle Tea Estates PLC	
<b>Listed Companies;</b>		Horana Plantations PLC	
Executive - 02 and Non-Executive - Nil			
<b>Unlisted Companies;</b>			
Executive - 09 and Non-Executive - Nil			
<b>Mr. Anura Weerakoon - Chief Executive Officer</b>	Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - Nil			
<b>Unlisted Companies;</b>			
Executive - 04 and Non-Executive - Nil			
<b>Mr. Sarath Ganegoda</b>	Non-Executive Director	Hayleys PLC	
<b>Listed Companies;</b>		Alumex PLC	
Executive - 02 and Non-Executive - 08			
<b>Unlisted Companies;</b>			
Executive - Nil and Non-Executive - 54			
<b>Mr. Nandana Ekanayake- Senior Independent Director</b>	Independent Non-Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - 02			
<b>Unlisted Companies;</b>			
Executive - 03 and Non-Executive - Nil			
<b>Mr. Faiz Mohideen</b>	Non-Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - Nil			
<b>Unlisted Companies;</b>			
Executive - Nil and Non-Executive - Nil			
<b>Mr. Chathura Cabraal</b>	Non-Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - 02			
<b>Unlisted Companies;</b>			
Executive - Nil and Non-Executive - Nil			
<b>Mr. Sujeewa Peiris</b>	Non-Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - Nil			
<b>Unlisted Companies;</b>			
Executive - 01 and Non-Executive - 01			
<b>Mr. Malaka Talwatte</b>	Independent Non-Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - 02			
<b>Unlisted Companies;</b>			
Executive - 03 and Non-Executive - Nil			
<b>Mrs. Saumya Amarasekera</b>	Independent Non-Executive Director	-	
<b>Listed Companies;</b>			
Executive - Nil and Non-Executive - 01			
<b>Unlisted Companies;</b>			
Executive - Nil and Non-Executive - 04			

Unlisted Companies			
	Non-Executive	Executive	Non-Executive
	Diesel & Motor Engineering PLC	Hayleys Group - 120 Companies	Beata Power (Pvt) Ltd. Joule Power (Pvt) Ltd. Ocean Network Express Lanka (Private) Limited The Beach Resorts Ltd. Delmege Forsyth & Co. Exports (Pvt) Ltd. Delmege Coir (Pvt) Ltd. Delmege Forsyth & Co. (Shipping) Ltd. Delmege Freight Services (Pvt) Ltd. Lewis Shipping (Pvt) Ltd. Lewis Brown Air Services (Pvt) Ltd.
	-	Hayleys Group - 9 Companies	-
	-	Hayleys Group - 4 Companies	-
	Dipped Products PLC Hayleys Fabric PLC Singer (Sri Lanka) PLC Hayleys Leisure PLC Horana Plantations PLC Hayleys Fibre PLC Haycarb PLC The Kingsbury PLC	-	Hayleys Group - 52 Companies Sri Lankan Airlines Ltd. Sri Lankan Catering Limited.
	Talawakelle Tea Estates PLC Hayleys Fabric PLC	Siam City Cement (Lanka) Ltd. Mahaweli Marine (Pvt) Ltd. Insee Ecocycle Lanka (Pvt) Ltd.	-
	-	-	-
	Renuka City Hotel PLC The Fortress Resort and Spa PLC	-	-
	-	Bartleet Religare Securities (Pvt) Ltd.	Colombo Stock Exchange
	Talawakelle Tea Estates PLC Horana Plantations PLC	Saffron Leisure (Pvt) Ltd. Saffron Solutions (Pvt) Ltd. Saffron Investments (Pvt) Ltd.	-
	Hayleys Fibre PLC Windforce PLC	-	Silver Aisle (Pvt) Ltd. Manson Investments (Pvt) Ltd. Leisure Holdings (Pvt) Ltd. Leisure Lines Lanka (Pvt) Ltd.

Attendance at the Subcommittees

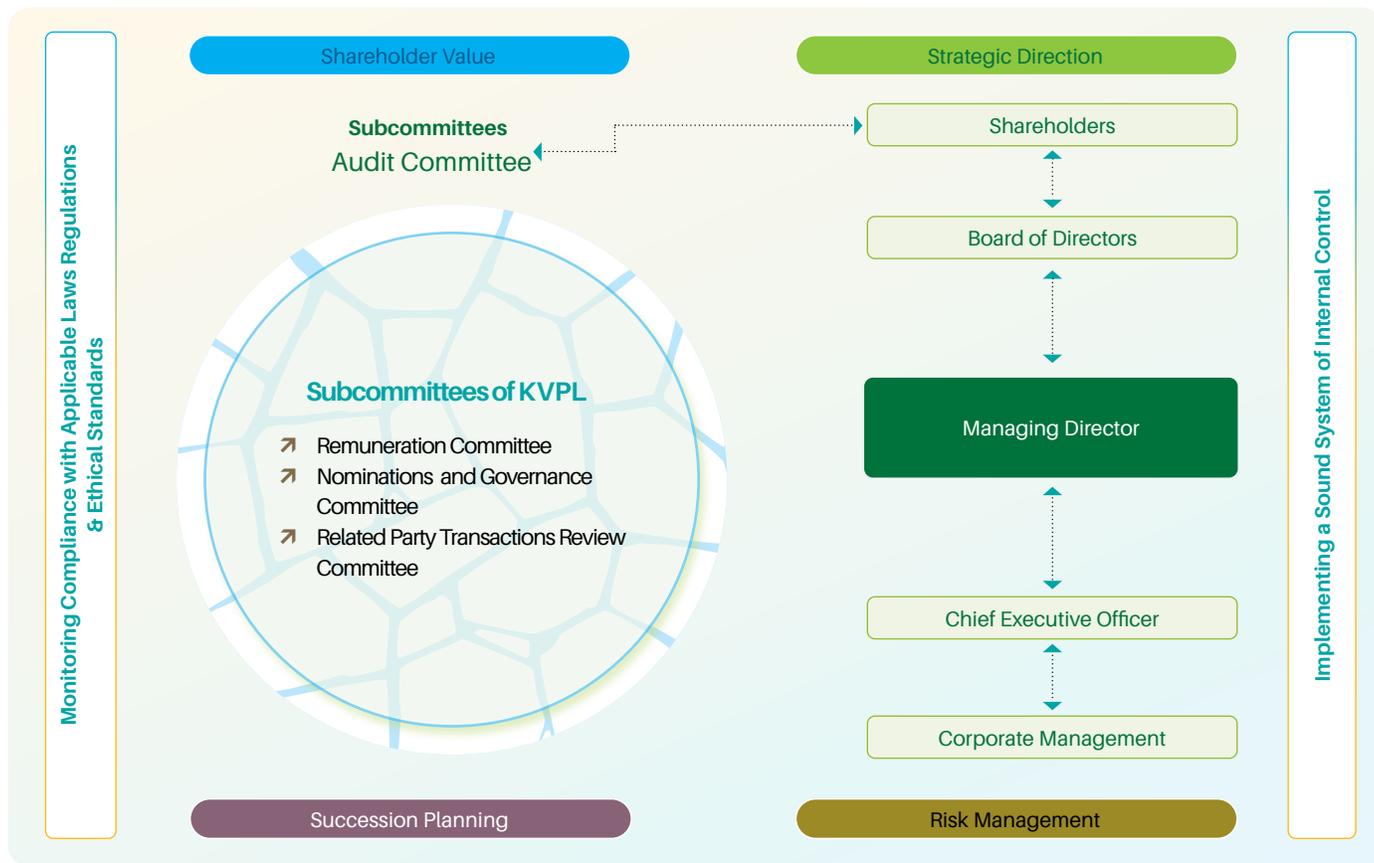
Name of Director	Audit Committee	Nominations and Governance Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. Nandana Ekanayake***	4/4	3/3	1/1	4/4
Mr. Faiz Mohideen**	4/4	3/3	1/1	4/4
Mr. Malaka Talwatte***	4/4	3/3	1/1	4/4

\*\* 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;



### Corporate Governance Structure

GRI 2-9

KVPL Group Governance structure comprises of two levels,



### Internal Governance Structure

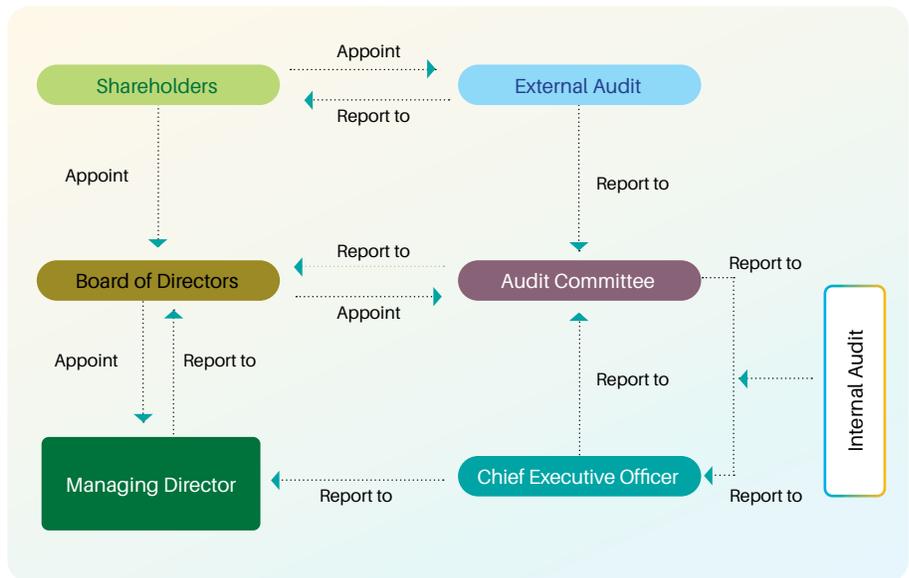
GRI 2-9

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 Subcommittees
- Group Management Committee and other Management Committees
- Hayleys Lifecode
- Sector ESG Committee
- 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 Management Team

**GRI 2-13**

The Corporate Management Team, which includes the Managing Director, the Director/Chief Executive Officer (“CEO”), and senior management, is entrusted with formulating strategic initiatives, securing Board approval, and executing those strategies in alignment with the policy framework set by the KVPL Board.

The Management Committee plays a key role in evaluating the annual budget, setting operational targets, monitoring monthly performance against these targets, and assessing capital expenditure proposals before presenting recommendations to the Board.

Risk management and internal controls are jointly overseen by the Audit Committee and the Corporate Management Team. Together, they are responsible for identifying and managing risks, establishing robust internal control systems to protect the Company’s assets, maintaining accurate records, and ensuring the timely flow of critical management information.

### Operational Leadership

The Board has delegated primary responsibility to the Managing Director (MD) for carrying out Company policies and achieving its strategic goals. The MD is expected to operate within the boundaries of the Board’s policy guidelines and uphold the ethical standards and business principles that define the Company. This includes adhering to best practices in interactions with employees, customers, suppliers, and the broader community.

The MD is also responsible for ensuring the efficient use of the Company’s resources and for executing the financial strategies laid out in the annual corporate plan and budget. To support this, the MD must lead a continuous planning process that involves all senior executives, and oversee a regular system for reviewing operations. This enables close tracking of performance and ensures timely corrective actions when required.

### Monthly Review Committees

The Finance, Corporate Communications, and HR Clusters of the Hayleys Group hold meetings that bring together representatives from various sectors to discuss key issues, share concerns, and exchange best practices.

As a member of the Hayleys Group Management Committee (GMC), the Managing Director of KVPL is expected to attend this meeting weekly. The GMC supports strong governance through its weekly meetings, where members engage in discussions on:

- Developments at the sector level, including market trends, operational performance, and other relevant updates.
- Key insights and updates from central functions of Hayleys PLC, such as HR, treasury, corporate communications, tax, strategic business development, IT, freight management, procurement, finance, and ESG initiatives.
- New and emerging issues that may influence the Group’s overall performance and direction.

The Company’s Director of Finance provides quarterly reports to the Hayleys Group CFO, highlighting any significant risks or issues impacting KVPL’s operations and related financial matters. This reporting may occur more frequently if circumstances require.

Additionally, the Hayleys Group CFO’s Forum serves as a platform for the Group’s CFOs to discuss and address key financial concerns, ensuring the protection of the Group’s overall interests.

Executive management meetings are regularly convened with the participation of the MD, CEO, and all Department Heads to review performance, discuss new initiatives, address challenges, and explore strategic directions. These sessions also serve as a platform for collaborative thinking, where key aspects such as KVPL’s performance, growth, governance, and administrative matters are evaluated and discussed.

The Director of Plantations for both Up Country and Low Country organizes regional review meetings to evaluate estate performance and address relevant issues, strategies, and initiatives. These meetings also serve as an important communication link between estate-level management and corporate leadership. The decisions made during these discussions are documented and reported to the Head Office.

### External Governance Structure

KVPL adhere to the rules and 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 issued by the Institute of Chartered Accountants of Sri Lanka
- GRI Standards
- IFRS S1 and S2 Sustainability Reporting Standards
- Sustainability Accounting Standards Board (SASB) Disclosures
- 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, in collaboration with management, holds responsibility for the Company’s internal controls and ensuring their effectiveness. These controls are designed to safeguard assets, provide accurate and timely information, and enforce greater discipline in decision-making. The internal audit and control function is a comprehensive system that includes financial, operational, compliance controls, and risk management. However, it is important to understand that no system can offer absolute assurance, but rather a reasonable level of assurance that errors and irregularities will be identified and addressed in a timely manner.

**Information Technology (IT) Governance**

KVPL's IT investments include both centrally managed resources and those deployed across various estates, where computerized accounting systems are used to prepare accounts. The Company's IT infrastructure encompasses accounting software, utility software, and networking systems at the Head Office, as well as internet connectivity and devices that link the Head Office with the estates.

**IT Value and Alignment**

In recent years, KVPL has been progressively integrating IT to enhance business processes. At the same time investments in IT systems and projects are made only after evaluating their relevance to specific initiatives. Key factors such as cost efficiency, the ability to provide timely information, and the balance between cost and benefits are carefully considered when making decisions.

Recognizing productivity improvement as a crucial growth driver, KVPL established a Performance Monitoring Unit at the Head Office to track estate performance through an online system that provides real-time critical data.

Additionally, KVPL has implemented a Digital Weighing System across all Tea and Rubber estates, replacing manual weighing methods and improving both accuracy and the timely delivery of information through a secure IT platform. The Company has also completed nearly 50% of the implementation of the OLAX System, with plans to roll it out to the remaining estates in the upcoming financial year.

**IT Risk Management**

IT-related risks are evaluated as part of KVPL's Risk Management framework. To mitigate these risks, several safeguards are in place, including the use of licensed

software, strict monitoring of internet usage in line with the IT Use Policy, management of mail server operations, and the implementation of antivirus and firewall software.

**External Audit**

For the ninth consecutive year, Messrs. Ernst & Young (EY), Chartered Accountants was reappointed as the Company's external auditors, with the partner being rotated in accordance with regulatory requirements. The Company benefits from the oversight and expertise of the Audit Committee, which ensures that the external auditors' independence is maintained while leveraging their professional expertise to deliver a set of financial statements that are both transparent and certified annually.

**Whistleblower Policy**

GRI 2-23, 2-24, 2-26

The Whistleblower Policy offers a structured mechanism for employees to report concerns regarding any individual within the organization involved in any unlawful activities or violations of the Company's Code of Conduct, including financial fraud, inaccurate financial reporting, improper behavior, or breaches of organizational values and policies. In

accordance with the Whistleblower Policy, employees who raise such concerns are assured of protection from retaliation or victimization. The policy ensures that staff can report suspected wrongdoing in confidence, without fear of reprisal. Employees are encouraged to raise issues directly with the Managing Director or Chief Executive Officer. All reported concerns are thoroughly investigated through a formal process and subsequently reported to the Board Audit Committee for resolution.

**Anti Corruption Policy**

GRI 205-3

The Group places a high priority on ethical conduct in all its operations. It maintains a firm stance against bribery and corruption in any form and strives to ensure transparency and integrity in all its dealings, both internally and externally. KVPL has adopted "**Bribery and Anti Corruption Policy**" and for the year under review, no incidents of bribery or corruption were reported within the KVPL Group.



"Kelani Valley Plantations PLCs commitment to sustainable tea-based agroforestry at Halgolla Estate reflects the core values of our partnership. This Netherlands-funded initiative demonstrates how collaborative innovation can drive both environmental resilience and inclusive development."

**Nicky Kruizinga**,  
Netherlands Enterprise Agency (RVO), Netherlands



## Code Reference

## Details of Compliance

## Section 1: The Company

## A. Directors

## 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

Complied

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. Attendance of meetings are set out on page 169 of this Report.

The information is provided to the Board on a structured manner and regular basis as agreed by the Board.

Information to be reported to the Board includes;

- 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 the minutes of the previous Board Meeting

The above information distributed among the Board members well in advance.

## GRI 2-12

## A.1.2

## Responsibilities of the Board

Complied

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.

The Board has engaged Hayleys PLC, the ultimate parent, to manage and overlook the business and assets of the Company.

The Board's key responsibilities include:

- 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
- Appointing and reviewing the performance of the Chairman, Managing Director and Chief Executive Officer
- 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 the 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

Code Reference	Details of Compliance
<p> GRI 2-27</p> <p><b>A.1.3</b> Compliance with the laws of the country and agreed to obtain independent professional advice</p> <p><b>Complied</b></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><b>A.1.4</b> Access to the advice and services of the Company Secretary</p> <p><b>Complied</b></p>	<p>The services and advice of the Company Secretary are available to all Directors 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>The Parent Company, Hayleys PLC has obtained a Directors and Officers' liability insurance, providing worldwide cover to indemnify all Directors and Officers</p>
<p><b>A.1.5</b> Independent judgment of the Directors</p> <p><b>Complied</b></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><b>A.1.6</b> Dedication of adequate time and effort of the Directors</p> <p><b>Complied</b></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><b>A.1.7</b> Call for Resolutions</p> <p><b>Complied</b></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><b>A.1.8</b> Training for new and existing Directors</p> <p><b>Complied</b></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 Training programmes for top management cover the training requirement for the Directors as well Training was provided through the ultimate parent company, Hayleys PLC during the year</p>

## Code Reference

## 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, Dipped Products 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

**Complied**

 GRI 2-12
**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:

- Approving the agenda for each meeting prepared in consultation with the Managing Director, Chief Executive Officer and other 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

**Complied**

**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 an 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

**Complied**

**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. Further the Chairman and the Managing Director not the same person.

**Complied**

**A.5.2**

Independence of Non-Executive Directors

Three of Seven Non-Executive Directors are independent. The Board has determined that three Non-Executive Directors satisfy the criteria for "independence" set out in the Listing Rules

**Complied**

Code Reference	Details of Compliance
<p><b>A.5.3</b> Independence of Non-Executive Directors</p> <p><b>Complied</b></p>	<p>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</p>
<p><b>A.5.4</b> Annual declaration of independence - of Non-Executive Directors</p> <p><b>Complied</b></p>	<p>Each Non-Executive Director submits annual declarations on his independence or non-independence in a prescribed format</p>
<p><b>A.5.5</b> Board determination of independence of Non-Executive Directors and disclosure in Annual Report</p> <p><b>Complied</b></p>	<p>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 on Corporate Governance 2023 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 18.</p>
<p><b>A.5.6</b> Appointment of Alternate Director</p> <p><b>Complied</b></p>	<p>None of the Directors have appointed alternate directors.</p>
<p><b>A.5.7, A.5.8</b> Requirement to appoint Senior Independent Director (SID)</p> <p><b>Complied</b></p>	<p>The Company has appointed Mr. Nandana Ekanayake as the Senior Independent Director since the Chairman is not an Independent Director.</p> <p>The Senior Independent Director Report is enclosed in page 222.</p>
<p><b>A.5.9</b> Chairman's meetings with Non-Executive Directors</p> <p><b>Complied</b></p>	<p>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</p>
<p><b>A.5.10</b> Record in the Board minutes of Concerns not unanimously resolved</p> <p><b>Complied</b></p>	<p>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.</p>
<p><b>Principle: A.6 Supply of Information</b> The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.</p>	
<p><b>A.6.1</b>  <b>GRI 2-16</b> Timely and appropriate information to the Board</p> <p><b>Complied</b></p>	<p>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</p>

## Code Reference

## Details of Compliance

## A.6.2

Information provided in advance to the Board meetings.

Complied

The Board meetings are arranged 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/Subcommittee meetings.



### 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 pages 220 to 221

## 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

There were no new directors appointed to the Board during the year under review.

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.

## A.7.5, A.7.6

Nominations and Governance Committee

Complied

Please refer Nominations and Governance Committee Report in pages 220 to 221.

### 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 a financial 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 in pages 220 to 221.

The Managing Director does not retire by rotation and is not counted in the number of Directors who retire at the AGM.

## A.8.3

Resignation

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.

Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.

## Code Reference

## Details of Compliance

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 Subcommittees 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 pages 16 and 18 of this Annual Report. Directors' interests in contracts are given on the page 208 of this Report. The number of Board meetings attended by the Directors are available on the page 169 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 18.

Names of the Directors who serve as Chairman or as member of a Board Committee, and their attendance are given on page 169.

**Principle: A.11 Appraisal of Chief Executive Officer ("CEO")**

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 evaluates 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 173.

Payment of remuneration to Directors is disclosed in Note 09 on page 251 of this report.

B.1.2, B.1.3

Composition of the  
Remuneration Committee

Complied

Remuneration Committee of the Company comprises the following Directors.

Mr. Nandana Ekanayake (Independent Non-Executive Director - SID) - Chairman

Mr. Faiz Mohideen (Non-Executive Director) - Member

Mr. Malaka Talwatte (Independent Non-Executive Director) - Member

No Director is involved in deciding his remuneration

## Code Reference

## Details of Compliance

**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 and the purpose of the Remuneration Committee

**Complied**

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 in page 219.

**B.2.4**

Determining annual salary increases and employment conditions

**Complied**

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

**Complied**

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

**Complied**

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

**Complied**

The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part.

**B.2.8, B.2.10**

Designing performance related remuneration and 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 and 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

Code Reference	Details of Compliance
<p><b>GRI 2-21</b></p> <p><b>B.2.11, B.2.12</b> Compensation, commitments in the event of early termination and dealing with early termination</p> <p><b>Complied</b></p>	<p>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.</p>
<p><b>B.2.13, B.2.14</b> Levels of Remuneration for Non-Executive Directors</p> <p><b>Complied</b></p>	<p>The Remuneration Committee reviews 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.</p>
<p><b>B.2.15</b> Listing of Chairman and Remuneration Committee Members in the annual report</p> <p><b>Complied</b></p>	<p>The Chairman and Members of the Remuneration Committee should be listed in the annual report each year.</p> <p>Please refer the remuneration committee report in page 219.</p>
<p><b>Principle: B.3 Disclosure of the Remuneration</b> The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.</p>	
<p><b>B.3.1, B.3.2</b> Disclosure of the remuneration.</p> <p><b>Complied</b></p>	<p>Refer the Remuneration Committee report in page 219.</p> <p>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.</p> <p>The total of Directors' Remuneration is reported in note 09 to the financial statements.</p>
<p><b>C. Relations with Shareholders - Constructive use of the AGM and conduct of General Meetings</b></p>	
<p><b>Principle: C.1 Boards should use the AGM to communicate with shareholder and should encourage their participation.</b></p>	
<p><b>C.1.1</b> Notice of the AGM</p> <p><b>Complied</b></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>
<p><b>C.1.2</b> Separate resolution on each substantially separate issue</p> <p><b>Complied</b></p>	<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>
<p><b>C.1.3</b> Votes and use of proxy</p> <p><b>Complied</b></p>	<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>
<p><b>C.1.4</b> Answer questions at the AGM</p> <p><b>Complied</b></p>	<p>The Board invites the Senior Independent Director to be available to answer queries at the AGM when necessary.</p>

Code Reference	Details of Compliance
<p><b>C.1.5</b> Notice of General Meetings</p> <p><b>Complied</b></p>	<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. has been met. The notice and the agenda of the AGM together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting.</p>
<p><b>Principle: C.2 Communication with shareholders</b> The Board should implement effective communication with Shareholders.</p>	
<p><b>C.2.1</b> Channel to reach all Shareholders of the Company.</p> <p><b>Complied</b></p>	<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, the Chief Executive Officer 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>
<p><b>C.2.2</b> Disclosure of the Communication Policy</p> <p><b>Complied</b></p>	<p>The communication policy and methodology for communication with the shareholders are given in the stakeholder engagement.</p> <p>The Company has adopted a Shareholder and Investor Communication Policy, which is available on the Company's website.</p>
<p><b>C.2.3</b> Implementation of the policy and methodology for communication with Shareholders</p> <p><b>Complied</b></p>	<p>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.</p> <p>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.</p>
<p><b>C.2.4</b> Disclosure of contact person</p> <p><b>Complied</b></p>	<p>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.</p>
<p><b>C.2.5</b> Major issues and concerns of shareholders</p> <p><b>Complied</b></p>	<p>All major issues relating to shareholders are brought to the attention of the Board.</p>

Code Reference	Details of Compliance
<p><b>C.2.6</b> Person to be contacted with regard to shareholders' matters</p> <p><b>Complied</b></p>	<p>The Company Secretary holds the responsibility to be contacted in relation to shareholder's matters</p>
<p><b>C.2.7</b> Process for responding to shareholder matters</p> <p><b>Complied</b></p>	<p>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.</p>
<p><b>Principle: C.3 Major and Material Transactions</b> Further to complying with the requirements under the Companies Act, rules and regulations of the Securities and Exchange Commission and Listing Rules of the Colombo Stock Exchange; 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.</p>	
<p><b>C.3.1</b> Major and Material Transactions</p> <p><b>Complied</b></p>	<p>Prior to engaging in a major transaction with a related party or 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 special ordinary resolution at a General Meeting</p> <p>Refer the Related Party Transactions Review Committee report in page 218.</p>
<p><b>C.3.3</b> Disclosure of Major Transactions to shareholders</p> <p><b>Complied</b></p>	<p>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</p>
<p><b>D. Accountability and Audit - Financial and Business Reporting (The Annual Report)</b></p>	
<p><b>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</b></p>	
<p><b>D.1.1, D.1.2</b> Balance and understandable information to shareholders</p> <p><b>Complied</b></p>	<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 Securities and Exchange Commission</p> <p>Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner as required</p>
<p><b>D.1.3</b> CEO's and CFO's approval on financial statements prior to Board approval</p> <p><b>Complied</b></p>	<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 213.</p>

Code Reference	Details of Compliance
<p><b>D.1.4</b> The Directors' Report</p> <p><b>Complied</b></p>	<p>The Annual Report of the Board of Directors on the affairs of the Company is given from pages 208 to 212 of this Annual Report which contains the following:</p> <ul style="list-style-type: none"> <li>➤ Declaration that the Company has not engaged in activities that contravene laws and regulations of Sri Lanka (refer page 208);</li> <li>➤ 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 209).</li> <li>➤ Equitable treatment to shareholders (refer page 211)</li> <li>➤ Compliance with best practices of corporate governance (refer page 210)</li> <li>➤ Information relating to property, plant and machinery has been given in notes 12, 13 and 14 to the financial statements.</li> <li>➤ Review of internal controls, risk management and reasonable assurance of effectiveness and adherence (Refer page 212)</li> <li>➤ Going concern of the business (refer page 212)</li> </ul>
<p><b>D.1.5</b> Statement of Directors Responsibility, Statement on Internal Controls and Auditors' Report.</p> <p><b>Complied</b></p>	<p>The Statement of Directors' Responsibilities for the financial statements is given on page 214 and Directors statement on internal controls are given on page 213.</p> <p>The Auditors' Report is available on pages 225 to 227.</p>
<p><b>D.1.6</b> Management Discussion and Analysis</p> <p><b>Complied</b></p>	<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>
<p><b>D.1.7</b> Summon an Extraordinary General Meeting to notify serious loss of capital</p> <p><b>Complied</b></p>	<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 the Companies Act</p>
<p><b>D.1.8</b> Related Party Transactions</p> <p><b>Complied</b></p>	<p>The Company adheres to the Listing Rules of the CSE and the Code of Best Practise on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). The related party transactions are properly documented. The responsibility of keeping records of the related party transactions lies with the Company Secretary.</p> <p>The Company has adequately and accurately disclosed the related party transactions in page 218 of this report.</p>
<p><b>Principle: D.2 Risk Management and Internal Control</b></p> <p>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.</p>	
<p><b>D.2.1</b> Review of the process and effectiveness of Risk Management</p> <p><b>Complied</b></p>	<p>The details of risks affecting the Company and mitigation actions are explained on pages 197 to 206.</p>

Code Reference	Details of Compliance
<p><b>D.2.2</b> Monitoring sound system of internal control</p> <p><b>Complied</b></p>	<p>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 in page 213.</p>
<p><b>Principle: D.3 Audit Committee</b> 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.</p>	
<p><b>D.3.1</b> Composition of Audit Committee</p> <p><b>Complied</b></p>	<p>The Audit Committee was established in 2008. The Committee consists two Independent Non-Executive Directors and one Non-Executive Director. It is chaired by Mr. Nandana Ekanayake who is the Senior Independent Director as well. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and Certified Management Accountants (FCMA). He is also an Associate Member of the Institute of Certified Practicing Accountants.</p> <p>Refer the Audit Committee Report in pages no 215 to 217.</p>
<p><b>D.3.2</b> Committees' Terms of Reference</p> <p><b>Complied</b></p>	<p>Terms of References (TOR) provide proper guidelines, duties and authority to deliver the responsibilities.</p> <p>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.</p> <p>It reviews the adequacy of systems in place for compliance with relevant legal, regulatory and ethical requirements and Company policies.</p> <p>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.</p> <p>The Chairman, the Managing Director, the Chief Executive Officer of the Company, Director Finance, Hayleys Group Chief financial officer and Head of Group Management Audit and system Review Department 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.</p>
<p><b>D.3.3</b> Disclosures</p> <p><b>Complied</b></p>	<p>Refer Audit Committee report on pages 215 to 217.</p>
<p><b>Principle: D.4 Risk Committee</b> The Board should establish a procedure for risk management including how they determine risk culture, risk appetite, risk identification and classification, rating and management of risk</p>	
<p><b>D.4.1, D.4.2, D.4.3, D.4.4, D.4.5</b> Committee Composition and Responsibilities</p> <p><b>Complied</b></p>	<p>The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee report on pages 215 to 217 of this Annual Report for further information.</p>

## Code Reference

## Details of Compliance

**Principle: D.5 Related Party Transactions Review Committee**

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

<b>D.5.1</b> Related Party Transactions <b>Complied</b>	The Company is adhering to LKAS 24 and transactions entered into with related parties during the year is disclosed in note 29 to the financial statements.
<b>D.5.2</b> Composition of Related Party Transactions Committee ("RPTR") <b>Complied</b>	The RPTR Committee of the Company consist of, Mr. Nandana Ekanayake (Independent Non-Executive Director -SID) - Chairman Mr. Faiz Mohideen (Non-Executive Director) - Member Mr. Malaka Talwatte (Independent Non-Executive Director) - Member
<b>D.5.3</b> Terms of Reference <b>Complied</b>	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 218.

**Principle: D.6 Code of Business Conduct & Ethics**

Companies must adopt a Code of Business Conduct and 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.

<b>D.6.1</b> Disclosure on presence of Code of Business Conduct and Ethics <b>Complied</b>	The Directors and members of the Senior Management team are bound by "The Hayleys Way" which is the Code of Business Conduct and 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. Further, the Company has adopted a Policy on Internal Code of Ethics and Business Conduct, which is available on the Company's website.
<b>D.6.2</b> Process to identify and report price sensitive information <b>Complied</b>	The Company has a process in place to ensure that material and price sensitive information is promptly identified and reported.
<b>D.6.3</b> Shares purchased by Directors and Key Management Personnel <b>Complied</b>	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 294 of the Annual Report of Board of Directors on the affairs of the Company
<b>D.6.4</b> Whistleblower Policy <b>Complied</b>	The Company has established a procedure to deal with complaints received from employees, customers, suppliers and any other party in relations to non compliance with companies code of Business conduct and ethics. The Company complied throughout the year

Code Reference	Details of Compliance
<p><b>D.6.5 D.6.6 D.6.7</b> Code of Best Conduct</p> <p><b>Complied</b></p>	<p>The Company should conduct training on the Code of Business Conduct and Ethics as part of induction training of new employees.</p> <p>The process for company wide dissemination of the policy, training arrangements, violations/ noncompliances with actions taken should be reported to the Board on a regular basis.</p> <p>The Chairman must affirm in the Company's Annual Report that a Code of Business Conduct and Ethics has been introduced company wide and must also disclose significant violation if any of the provisions of the Code of Business Conduct and Ethics. Disclosures should contain the types and numbers of violation and procedures followed in dealing with them</p>
<p><b>Principle: D.7 Corporate Governance Disclosures</b> Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.</p>	
<p><b>D.7.1</b> Disclosure of adherence to Corporate Governance</p> <p><b>Complied</b></p>	<p>The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed on page 210 under the Annual Report of the Board of Directors on the affairs of the Company</p>
<p><b>Section 2: Shareholders</b> <b>E. Institutional Investors</b></p>	
<p><b>Principle: E.1 Shareholder voting</b> 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</p>	
<p><b>E.1.1</b> Dialogue with shareholders</p> <p><b>Complied</b></p>	<p>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</p> <p>Impartiality is maintained on shareholder vote at the Annual General Meeting based on individual holding and weightage</p>
<p><b>Principle E.2. Evaluation of Governance Disclosures</b> 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.</p>	
<p><b>E.2</b> Evaluation of governance disclosure</p> <p><b>Complied</b></p>	<p>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</p>
<p><b>F. Other Investors</b></p>	
<p><b>Principle: F.1 Investing/Divesting Decisions</b> 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.</p>	
<p><b>F.1</b> Individual shareholders are encouraged to do their own analysis or seek independent advice.</p> <p><b>Complied</b></p>	<p>The quarterly financial statements, Company disclosures and Annual Report provide sufficient information to carry out their own analysis for decision on investing or divesting</p> <p>In addition, KVPL encourages individual shareholders to seek independent advice for their investing and divesting decisions</p> <p>The Board carries out dialogues with its shareholders at General Meetings. In this regards, the Annual General Meeting (AGM) 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.</p>

## Code Reference

## Details of Compliance

**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 Annual General Meeting

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

**Complied**

**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

The Company has an Information Security Policies Manual and Disaster Recovery and 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.

**Complied**

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)

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

**Complied**

**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

The Board reviews business risk quarterly including IT and cyber security risk.

**Complied**

**Code Reference**      **Details of Compliance**

**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.

<p><b>G.4</b> Review and assurance of effectiveness of the Cyber Security Risk Management</p> <p><b>Complied</b></p>	<p>Independent reviews are carried out to ensure cyber security and a secured Management Information System.</p>
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**Principle G.5 The Board should disclose in the Annual Report, the process to identify and manage cyber security risks.**

<p><b>G.5</b> Disclose of the process to identify and manage cyber security risk</p> <p><b>Complied</b></p>	<p>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.</p> <p>Company IT Security Policy provides a procedure to identify and manage cyber security risks which consist of proper usage of Hayleys Acceptable IT Use Policy, Company Disaster Recovery and Business Continuity Plan, use of reliable backup systems, use of licensed software, enter into maintenance contracts with reputed companies and provide continuous training for employees on IT and cyber security.</p>
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**GRI 2-14**

**Principle: H. Sustainability: ESG Risk and 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.

<p><b>H.1.1</b> Provide the impact of ESG Risks and Opportunities for the Board</p> <p><b>Complied</b></p>	<p>The Annual Report contains sufficient and relevant information of to assess how ESG risks and opportunities are recognised, managed, measured and reported presented from pages 197 to 206</p> <p>The impact of ESG issues are disclosed in Risk Management Report from pages 197 to 206.</p> <p>Further, information related to the ESG Risks and Opportunities are provided to the Board in the corporate budget discussion as well.</p>
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**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.

<p><b>H.2.1</b> Method of recognizing significant stakeholders and their matters.</p> <p><b>Complied</b></p>	<p>The Company has its own method to recognize the major stakeholders, their matters and level of interest and it has described in the Strategy and Focus Section in page 39 to 44</p>
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**H.3** The Company should establish a governance framework and structure which includes conformance, performance and sustainability/ESG factors.

## Code Reference

## Details of Compliance

**H.3.1**

Environmental and Social Governance

**Complied**

The Company has a unique ESG Framework which names as "KVPL CORPORATE DNA". It includes the environmental and social framework separately.  
Refer the Environment and Social DNA in Page 56 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 and Boards Role on ESG Factors

**Complied**

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 pages 197 to 206.

The Board has committed to environment, social and governance aspects and the environmental management and social activities have been discussed from pages 197 to 206.

**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

**Complied**

Board is responsible on the ESG risks and whenever a risk aroused in ESG, the board members will be discussed it in the quarterly Board Meetings.

Refer the Risk Management section in pages 197 to 206.

## Compliance with the "Continuing Listing Requirements" Section 7 for Listed Companies issued by the Colombo Stock Exchange

CSE RuleReference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (i), (ii)	Names of persons who were Directors during the year and principle activities during the year	Compliant	Report of the Board of Directors pages 16 and 18 and refer principle line business on page 208
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum public holding requirement	Compliant	Share Information pages 293 and 294
7.6 (v)	Directors' and CEO's (MD's) holding in shares	Compliant	Refer Page 294
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on page 197 to 206
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital from page 100 to 124
7.6 (viii)	Extents, locations, valuations and the number of buildings	Compliant	Statement of Value of Real Estate on page 6 to 7
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Refer Page 294
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information on page 293 to 294
7.6 (xi)	Ratios and Market Price Information	Compliant	Refer Pages 24 and 293
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Refer Pages 254 and 258
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 167 to 196
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 281 to 283

## Compliance with the "Corporate Governance" Section 9 for Listed Companies issued by the Colombo Stock Exchange

Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.2.1	Policies	Compliant	<p>The Company has adopted the following policies, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange;</p> <ul style="list-style-type: none"> <li>➤ Policy on Matters Relating to the Board of Directors.</li> <li>➤ Policy on Board Committees.</li> <li>➤ Policy on Corporate Governance.</li> <li>➤ Policy on Shareholder and Investor Communication.</li> <li>➤ Policy on Risk Management and Internal Controls.</li> <li>➤ Policy on Rewards and Remuneration.</li> <li>➤ Policy on Whistleblowing.</li> <li>➤ Policy on Anti-Bribery and Corruption.</li> <li>➤ Policy on Corporate Disclosures.</li> <li>➤ Policy on Control and Management of Company Assets and Shareholder Investments.</li> <li>➤ Environmental Policies (Sustainability Policy/Manual).</li> <li>➤ HR Policy/Manual.</li> <li>➤ Policy on Internal Code of Ethics and Business Conduct.</li> </ul> <p>The Company will provide any of the above policies to its shareholders upon a written Request.</p>
9.3.1	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.2	Board Composition, Responsibilities and Disclosures	Compliant	All Committees comply with the required rules. Please refer the respective Committee Reports.
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 and Investor Communication policy, which is published on its corporate website.</p> <p>Shareholder communication is with the Company Secretary, Hayleys Group Services (Private) Limited (Ms. R. De Silva - Tel: +94 11 2627654)</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. The Policy specifies the minimum number of meetings which a Director is required to attend, which is 50% of the meetings.
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 (SID) since the Chairperson is an Executive Director.

Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
9.6.3. (b)	Senior Independent Director	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 222.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	The rationale is given in the Statement of the Senior Independent Director.
9.7.1 and 9.7.2	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 financial year and as at the date of such confirmation.
9.7.5	Disclosures in the Annual Report	Compliant	Annual Report of the Board of Directors provides from page 208 to 212 provide the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 10 Directors up to 31 March 2025.
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 ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Directors	N/A	The Board does not have any 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 (20).
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 pages 16 to 18 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to the composition of the Board of Directors and Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Corporate Governance Report (pages 167 to 196) Annual Report of the Board of Directors on the Affairs of the Company (pages 208 to 212), Respective Committee Reports (pages 215 to 221) and Statement by the Senior Independent Director (page 222) contains the relevant information.

Reference	Corporate Governance Principles	Compliance Status	The Company's' Extent of Adoption
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 220 to 221.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 2 Independent Non-Executive Directors and one Non-Executive Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 220 to 221
9.11.6	Disclosure in the Annual Report	Compliant	Refer the Nominations and Governance Committee Report on pages 220 to 221
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 219 and Principles B1 to B3 on page 181 and 183 of this Corporate Governance Report.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference.
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 09 to the financial statements on page 251. Refer Remuneration Committee Report on page 219
9.13.1	Composition of Audit Committee	Compliant	The Audit Committee comprises two Independent Non Executive Directors and one Non-Executive Director. The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on pages 215 to 217.
9.13.4	Audit Committee Functions	Compliant	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14.1 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises three Directors out of which two Directors are Independent. The Chairperson is an Independent Director. Please see the Report of the Related Party Transactions Review Committee in page 218.
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 218.
9.14.4	RPTRC Meetings	Compliant	The Committee meets on a quarterly basis. During the financial year 2024/25, The Committee met four times to review the related party transactions.
9.14.7	Immediate Disclosures	Compliant	Please refer Note 32 of the Notes to the Accounts on pages 283
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Note 29 of the Notes to the Accounts on pages 281 to 283.
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 218.
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 on pages 208 to 212.
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 16 to 18.

KVPL continued to implement its comprehensive risk management strategies designed to address unpredictable risks arising from both internal and external environments. Leveraging its experienced management team and a robust Enterprise Risk Management (ERM) framework, the Company effectively mitigated key risks, maintaining them within manageable levels throughout the year, with a commitment to transparency.



As a responsible entity within the Hayleys Group, KVPL's risk management practices are subject to continuous internal and external review through the following mechanisms:

- **Regional Review Teams:** Specialized teams conduct regular system reviews across regional operations to ensure alignment with internal controls. Findings are communicated to Head Office management and the respective estates for corrective action where necessary.
- **External Risk Assessments:** Independent evaluations by external auditors are conducted annually. Key risks identified through these audits are formally documented in the year-end management letter.
- **Hayleys PLC Oversight:** As part of the Hayleys Group, KVPL's risk management processes are closely monitored by the Hayleys PLC Audit Division. This division actively engages with KVPL to enhance risk control measures and the overall effectiveness of the ERM system.
- **Quarterly Risk Reporting:** A detailed risk assessment report is submitted to the Board of Directors each quarter for review and guidance.

### Risk Management Process

The KVPL Group, includes of its subsidiary companies, is committed to a robust and structured Risk Management Process, designed to proactively address the dynamic and unpredictable risks inherent to the plantation industry. This process is embedded across all levels of the organization and is continuously reviewed to ensure its effectiveness and relevance.

Emphasizing risk mitigation over risk avoidance or acceptance, KVPL adopts a proactive approach by leveraging expert guidance and securing appropriate insurance coverage tailored to the specific nature of its operations. This strategic focus enables the Company to minimize potential disruptions while safeguarding its assets and stakeholder interests.

In alignment with industry best practices, KVPL Group's Risk Management Strategy is structured around the following four key phases:



### Risk Identification

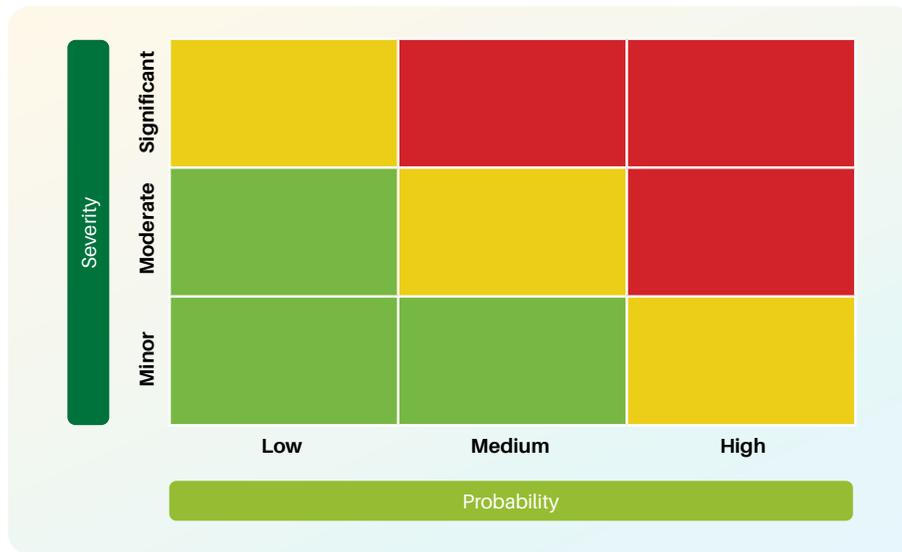
The foundation of an effective Risk Management Process lies in the accurate and timely identification of potential risks. At KVPL, this process is initiated at the operational level, where Estate Managers are responsible for identifying risks specific to their respective estates. These identified risks are subsequently escalated and reviewed during monthly or quarterly management meetings, facilitating a broader analysis to capture emerging risks and those stemming from unique or unforeseen events. Minor risks are addressed and mitigated at the estate level under the direct supervision of the respective Estate Managers, ensuring prompt and efficient risk resolution.



Risk Evaluation

The Company adopts a structured approach to responding to identified risks, guided by the priorities established during the Risk Evaluation stage. Each risk is carefully assessed using a standardized evaluation process that considers both the potential impact and the likelihood of occurrence. Based on this analysis, risks are categorized as low, medium, or high.

Following the prioritization, appropriate response actions are determined and implemented by the management. This ensures that resources are focused on addressing the most critical risks first, thereby enhancing the effectiveness and efficiency of the overall risk management process.



Risk Control

Based on the rankings, the top management of the Company will control risks in line with assigned priority levels.

Formulating and Implementing Risk Mitigation Strategies

Risk response strategies are carefully planned and developed to manage the risks identified during the evaluation phase. These strategies are designed in accordance with the assessed impact and probability of each risk and may involve one or more of the following approaches: accepting, reducing, sharing, or avoiding the risk.

The responsibility for developing and approving these strategies rests with the Managing Director and the top-level management team of KVPL. To ensure the most effective course of action is chosen, the Company employs a robust internal control system to evaluate and filter available response options, selecting the most appropriate strategy from among the alternatives.

Consistent with its approach in previous years, KVPL predominantly responded to risks encountered during the 2024/25 financial year through mitigation. This included obtaining adequate insurance coverage and engaging in strategic consultations with industry experts, allowing the Company to manage exposures effectively while maintaining operational stability.

Approval and Communication of Risk Response Strategies

Once risk response strategies are formulated, they are reviewed and discussed by the Company’s top management before being presented to the Board of Directors and the Audit Committee, accompanied by detailed review reports for further analysis. These governing bodies evaluate the proposed strategies in relation to the specific risks and may recommend adjustments to enhance their effectiveness. Upon final approval, the strategies are communicated to operational teams for implementation. KVPL’s communication process comprises three key components;

- Corporate Level Communication
- Regional Level Communication
- Estate Level Communication

Corporate Level Communication

This is the highest tier in KVPL’s risk communication framework, involving the Directors of the Plantations, the Chief Executive Officer, and the Managing Director. At this level, discussions focus on high-priority and uncontrollable risks that cannot be effectively addressed at the estate or regional level. Strategic decisions and directives on such critical issues are made to ensure alignment with the Company’s overall risk management objectives.

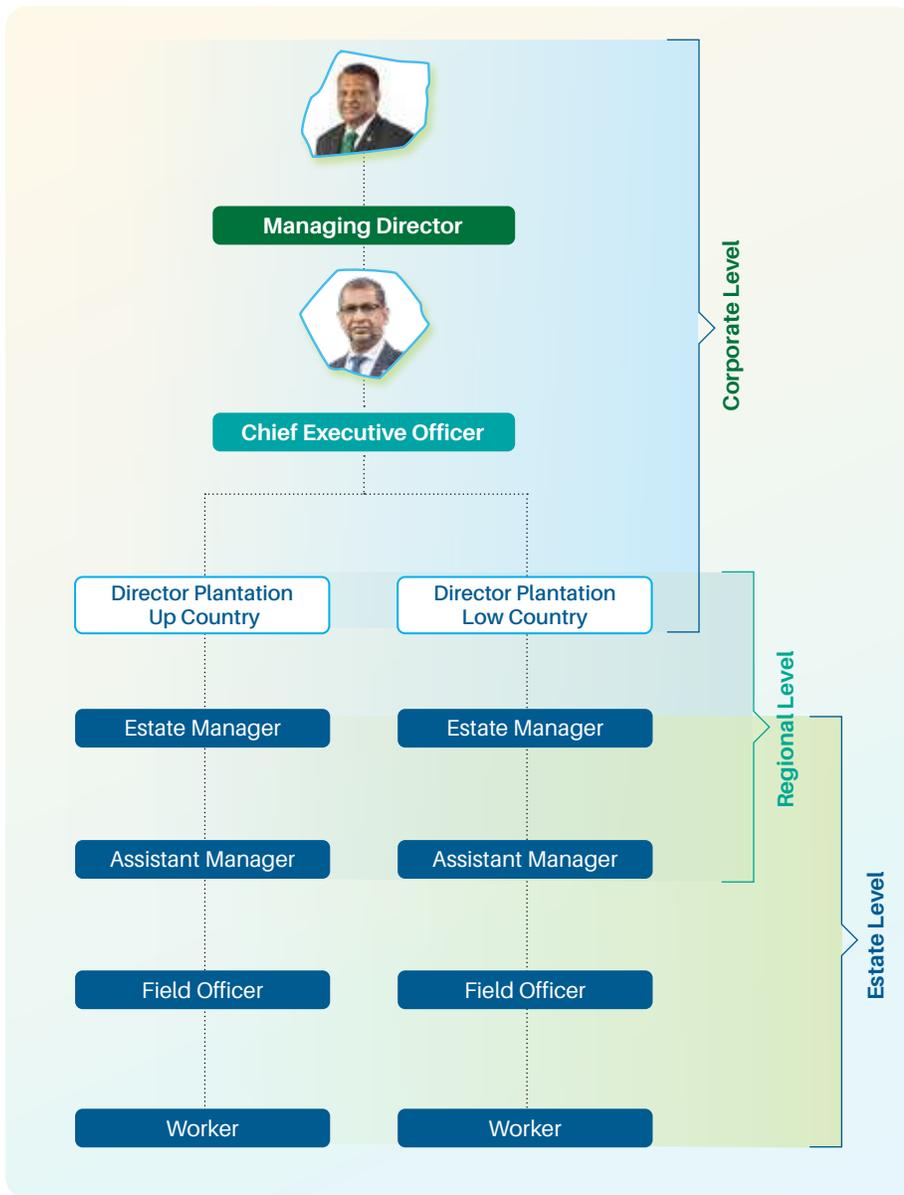
Regional Level Communication

As the intermediary tier in KVPL’s communication framework, this level addresses issues escalated from the estate level that cannot be resolved locally. Estate Managers engage with the Directors of the Low Country and Up Country Plantations to collaboratively assess and resolve these challenges. This level ensures effective oversight and support for region-specific operational risks.

Estate Level Communication



This is the initial and most localized tier of KVPL’s communication process. Ground-level workers and estate staff are given the opportunity to raise concerns and report potential risks directly to the Estate Manager and Assistant Manager. This is facilitated through a dedicated "Labour Day" held weekly, specifically designated by the Company to encourage open dialogue and early identification of issues at the operational level.



### 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 2024/25

##### Strategic Risk

- Climate Changes
- Production Risk
- Political Risk
- Commodity Risk
- Acquisitons
- Social & Environmental Risk

##### Financial Risk

- Foriegn Exchange Risk
- Interest Rate Risk
- Credit Risk
- Investment Risk
- Liquidity Risk
- Accounting & Reporting Risk

##### Operational Risk

- Value Chain Risk
- Management Personnel & Worker Migration
- Business Dstruption
- IT Risk
- Technological Risk
- Reputational Risk

##### Compliance and Other Risk

- Legal
- Tax
- Market Prices
- Data Privacy
- Product Security
- General Business Principles
- Occupancy Risk

## 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

Additionally, the Audit Division of the parent company, Hayleys PLC, places strong emphasis on KVPL's Risk Management Process. They work closely with KVPL management to identify and document key control risk areas and actively contribute to enhancing the Risk Management System through periodic reviews and continuous improvement initiatives.

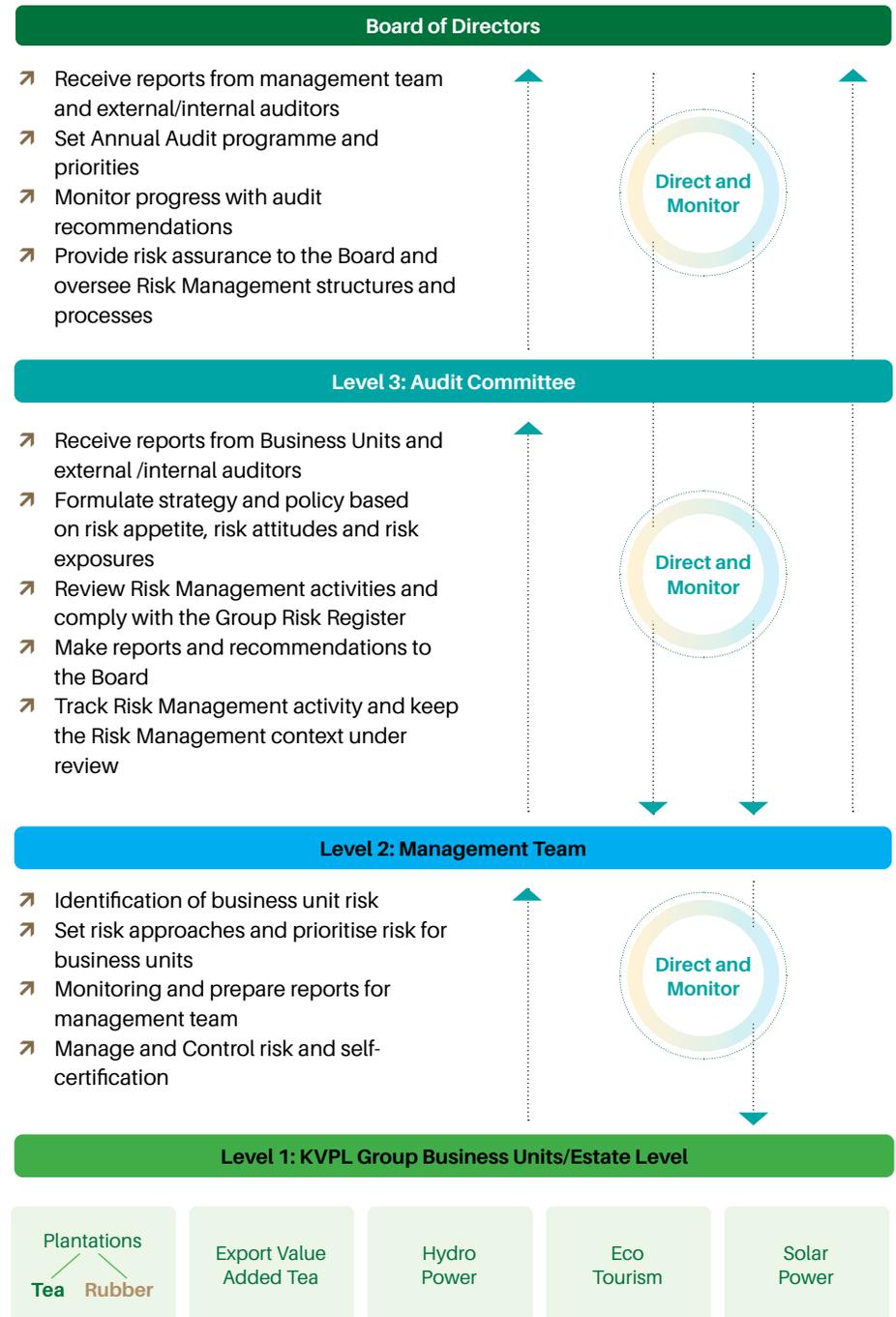
### Internal Systems Review

A dedicated review team within the KVPL Group conducts regular system reviews to ensure the effectiveness and compliance of existing systems and controls. Based on their findings, constructive feedback is provided to both the Head Office and the respective estates to facilitate timely and appropriate corrective actions.

### 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 unit identifies its value creation model and addresses shareholder concerns through structured stakeholder engagement processes. This approach helps to determine material aspects and key risk indicators relevant to their operations. Identified risks are then evaluated and managed within the boundaries of the unit’s approved risk appetite and policy framework. Each unit is also responsible for establishing and maintaining appropriate risk management controls, allocating necessary resources, and implementing self-assurance processes to ensure ongoing compliance and resilience.

**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 :

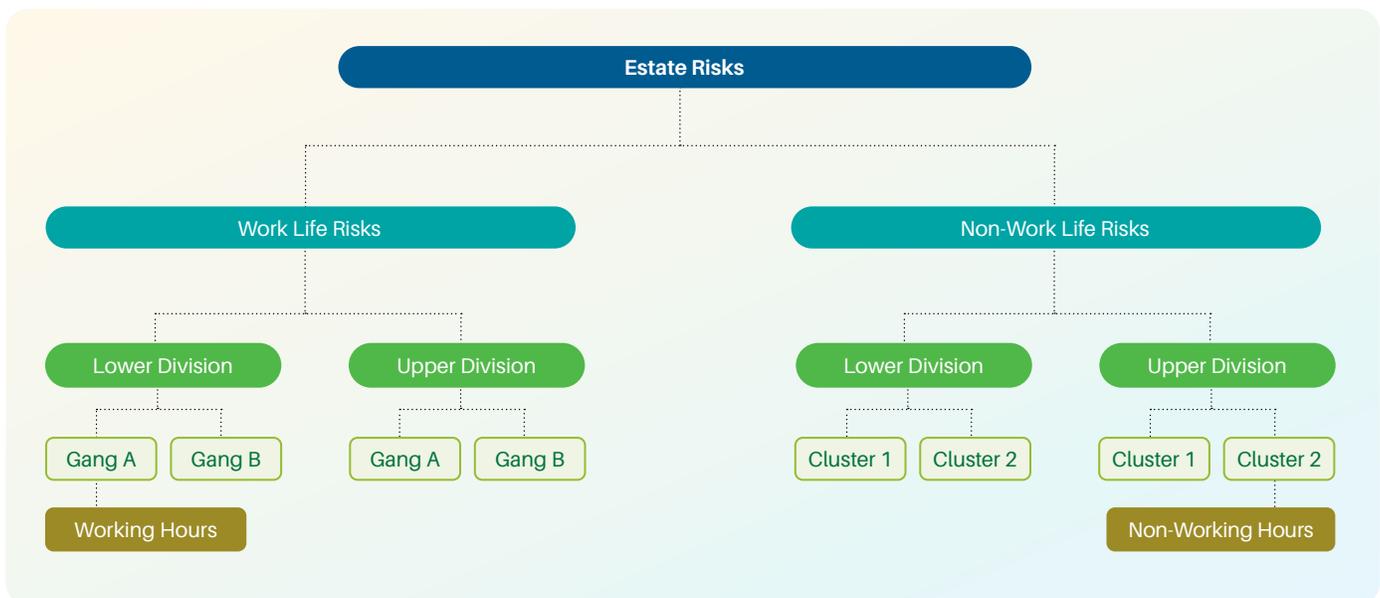
- How the risk could occur
- Who might be harmed
- What is currently being done
- Is anything else required to control this risk
- Action by whom
- Action by when

**Process of Managing Estate Risks**

The Estate Risk Management has divided risks according to the location of occurrence as follows :

- 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.



## Group Risk Management in 2024/25

**H** High    **M** Medium    **L** Low

Risk Factor	Risk Rating		Response
	2024/25	2023/24	
<b>Strategic Risk</b>			
<p><b>GRI 13.2, 201-2</b></p> <p><b>FB-AG-440a.1</b></p> <p><b>Climate Changes</b></p> <p>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.</p>	<b>H</b>	<b>H</b>	<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"> <li>➤ Commitment to science-based targets to reduce GHG emissions</li> <li>➤ Adopting Regenerative &amp; Rejuvenative Agriculture practices</li> <li>➤ SMART Precision Agribusiness Management</li> <li>➤ Expanding the renewable energy investment portfolio</li> <li>➤ Close supervision on Tea and Rubber crop variances</li> <li>➤ Successful implementation of the Company Crisis Management Plan with periodic review</li> <li>➤ Diversification of Product/Crop Portfolio</li> <li>➤ Preserve forests and water sheds to retain the moisture contains</li> <li>➤ Pre-drought spraying for Tea to prevent excessive transpiration during dry seasons</li> <li>➤ Sloping Agriculture Land Technology (SALT) to avoid soil erosion</li> <li>➤ Management of shade trees</li> <li>➤ Burial of weed heaps to retain moisture</li> <li>➤ Fixing of Rain Guards to protect the tapping area of Rubber Trees</li> </ul>
<b>Production Risk</b>			
<p>Consistencies in product quality depends on the consistency in quality of raw material (Green leaf, Field Latex, etc).</p>	<b>M</b>	<b>M</b>	<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 &amp; plans KVPL managed to keep it under a controllable level,</p> <ul style="list-style-type: none"> <li>➤ Regular refresh programmes are conducted to manual grade workforce on quality of raw material and on techniques of harvesting</li> <li>➤ Encouraged the workforce by having annual plucking competitions within estates as well as within the Hayleys Plantations Companies</li> <li>➤ Revenue Share Model introduced to mitigate the shortage of workers as well as to motivate the workers</li> <li>➤ Management closely monitors stocks which are limited and have special plans to optimise the use of scarce resources</li> </ul>
<p>Inconsistencies lead to reduced demand, resulting a drop-in market price, market share and reputation, and increases the number of quality claims</p>	<b>H</b>	<b>H</b>	<ul style="list-style-type: none"> <li>➤ Obtained advice from industry experts, TRI, RRI, brokers and feedback from customers</li> <li>➤ Conducted weekly Tea assessments on quality</li> <li>➤ Frequent quality audits, reviews and corrective measures (Quality Assurance Systems)</li> <li>➤ A better grade mix by converting our Plantation Field latex crop in order to obtain the best market demand locally and overseas</li> <li>➤ Centralising Tea factories according to high NSA</li> <li>➤ Developed new areas of diversification into identified high market potential crops and products such as Cinnamon, Coconut etc.</li> <li>➤ Introduced Speciality Tea for customers</li> <li>➤ Exploring into New Non-Traditional markets (China/Poland)</li> <li>➤ Participating in Globally recognized exhibitions to find large scale buyers</li> </ul>

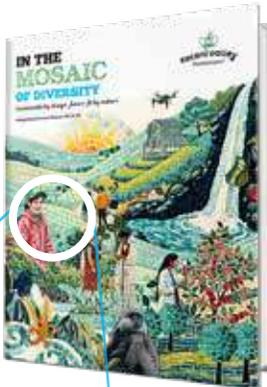
Risk Factor	Risk Rating		Response
	2024/25	2023/24	
<b>Political Risk</b>			
<ul style="list-style-type: none"> <li>➤ Political intervention in wage negotiations and major industrial relations inhibit the resolution of issues on the basis of economic viability alone</li> <li>➤ High Instability &amp; Volatility in the Political Environment</li> <li>➤ Increase in Corporate Tax Rates</li> </ul>	H	H	<p>Wages Board mandated wage hike unlinked to Productivity or Market Conditions.</p> <p>This adjustment appears to have been made without direct correlation to worker productivity, price levels, or output performance, potentially leading to distortions in labor market dynamics, increased operational costs for businesses, and challenges for industries with tight margins.</p> <ul style="list-style-type: none"> <li>➤ However, Plantation Management continue to make representations with the key members in the Government to address the wage issue while keeping a good relationship with them</li> <li>➤ Due to high volatile political environment, the management executed the contingency plans to keep the production process smooth</li> <li>➤ Obtained advice from tax experts for tax planning and tax concessions prior to the quarterly tax payments</li> </ul>
<p><b>Value chain</b></p> <ul style="list-style-type: none"> <li>➤ 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</li> </ul>	H	H	<ul style="list-style-type: none"> <li>➤ Obtaining accreditations for Black Tea factories on international food hygienic standards and accreditations of Tea estates for good agricultural practices</li> <li>➤ Membership in the UNGC which positions KVPL as a socially responsible plantation company</li> <li>➤ The 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</li> <li>➤ A new 44% U.S. proposed tariff on Sri Lankan goods significantly reduces KVPL's price competitiveness, likely leading to sharp declines in indirect Rubber export volumes. To mitigate this, KVPL can:                             <ul style="list-style-type: none"> <li>➤ Approach new Markets: Target buyers in Asia, the EU, and the Middle East.</li> <li>➤ Innovate Products: Develop value-added rubber goods with better margins or lower tariff destinations</li> <li>➤ Engage Stakeholders: Work with industry bodies and the government to advocate for tariff relief.</li> <li>➤ Optimize Costs: Enhance operational efficiency to sustain profitability</li> </ul> </li> </ul> <p>Obtaining Certifications which increase the goodwill of the estate products,</p> <ul style="list-style-type: none"> <li>➤ ISO 22000:2018 Food Safety Management System Certification</li> <li>➤ ISO 45001:2018 Occupational Health &amp; Safety Management System</li> <li>➤ regenagri Certification</li> <li>➤ ISO/IEC 27001:2022 Certification</li> <li>➤ Fair Rubber Certification</li> <li>➤ Global Organic Latex Standard (GOLS)</li> <li>➤ Forest Stewardship Council Certification</li> <li>➤ Rainforest Alliance Certification</li> <li>➤ ISO 14064-1:2018 GHG Verification</li> <li>➤ Eco Label Sri Lanka Certification</li> <li>➤ USDA - NOP Organic Certification</li> </ul>
<b>Social Environmental Risk</b> <span style="border: 1px solid black; padding: 2px;">FB-AG-430a.3</span>			
<p>Managing the young generation with gender mix of Gen Y &amp; Gen Z</p>	H	H	<p>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 &amp; well-being initiatives.</p> <p>Facilitation of knowledge transfer across all tiers of the organization to ensure alignment and consistent implementation.</p>

Risk Factor	Risk Rating		Response
	2024/25	2023/24	
<b>Financial Risk</b>			
<b>Foreign Exchange Risk</b> ↗ Our subsidiary Mabroc is focused on foreign markets and adverse fluctuations of foreign exchange rates affect pricing policy and results of the Company	H	H	The exchange rate risk and the associated risk exposure is managed as follows; <ul style="list-style-type: none"> <li>↗ Arranging forward exchange contracts to minimise the exposure of currency volatility</li> <li>↗ Monitor exchange rate movements and outlook for high exposure currencies</li> <li>↗ Forex exposures are monitored, and appropriate action is recommended to reduce inherent risk and minimise adverse impact of currency rate movements on assets and liabilities</li> <li>↗ Measures are established to determine effectiveness of actions taken</li> <li>↗ Arranging export credit insurance covers in order to mitigate the risks from the foreign debtors</li> <li>↗ The Company management closely monitored the performances, inventory levels estate wise and weekly &amp; monthly, to ensure that costs were contained within internal budgets</li> </ul>
<b>Interest Rate Risk</b> ↗ 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	M	<ul style="list-style-type: none"> <li>↗ The KVPL Group's credibility, reputation strength and financial dependability help ensure ready access to funds at attractive rates</li> <li>↗ Fluctuation of local currency and interest rates are minimised by having foreign currency borrowings linked to LIBOR</li> <li>↗ The Company maintains constant communication with the Hayleys Group Treasury to obtain a higher return for the investments</li> <li>↗ The Company invested in Treasury Bills with different maturity periods in order to mitigate the interest rate risks</li> </ul>
<b>Credit Risk</b> ↗ 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	L	M	Although, this is a low risk area in the current economic conditions, mitigatory measures are followed, <ul style="list-style-type: none"> <li>↗ Credit risks are assessed, limits are set and credit granted is closely monitored</li> <li>↗ Suppliers are settled and dues collected from customers leaving no room for default on payment</li> <li>↗ Tea and Rubber stocks are sold through auction and settlements are assured within seven (7) days</li> <li>↗ Customers of Mabroc Teas (Pvt) Ltd. are provided credit upon a thorough evaluation and all open account customers are subject to credit insurance</li> <li>↗ Government leases and other finances are closely monitored and settled without delay</li> </ul>
<b>Investment Risk</b> ↗ 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"> <li>↗ 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 investment</li> <li>↗ Further KVPL closely monitor the progress to ensure project deliverables are achieved within the given budgets and timelines</li> <li>↗ Prudent investments are made in capital development i.e. replanting, machinery and plant upgrading and rationalising the production capacities in major factories</li> <li>↗ The investments have been diversified such as into minor crops to minimise the investment risk to a certain level, this year as well</li> </ul>

Risk Factor	Risk Rating		Response
	2024/25	2023/24	
<b>Liquidity Risk</b> ➤ 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	M	The company's liquidity risk remained unchanged from the previous year. However the Liquidity Risk of the Company was managed via the following steps: <ul style="list-style-type: none"> <li>➤ 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</li> <li>➤ 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)</li> <li>➤ 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</li> </ul>
<b>Accounting and Reporting</b> ➤ Possibility of misstatement of Financial Position or Profitability and non-compliance with Accounting Standards and other regulatory requirements	L	L	<ul style="list-style-type: none"> <li>➤ The KVPL Board consists of Senior Qualified Accountants</li> <li>➤ The KVPL Group consists of Chartered Accountants and skilled staff with relevant qualifications and expert knowledge in the industry</li> <li>➤ 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</li> </ul>
<b>Operational Risk</b>			
<b>Human Capital Risk</b> ➤ Recruitment of competent and skilled employees	H	H	KVPL employs several strategic measures to recruit and develop competent and skilled employees, ensuring a high-performing workforce aligned with industry standards and sustainability goals. <p>Following measures were taken to recruit competent employees;</p> <ul style="list-style-type: none"> <li>➤ The sixth batch of Plantation Management Trainees has successfully completed their program, and preparations are underway to launch the seventh batch</li> <li>➤ Structured Recruitment and Development Programs - NVQ and Skills Passport Initiatives</li> <li>➤ Revisiting the changes needs for compensation and benefit packages.</li> <li>➤ Structured and transparent system is in progress to screen and select the skilled employees to staff categories.</li> <li>➤ Digital recruitment and on-boarding module through Oracle HCM have help to recruit the talented and skilled employees for Executives and Management category</li> </ul>
<b>Human Capital Risk</b> ➤ Migration of young and talented employees	H	H	Following measures were taken to retain competent employees; <ul style="list-style-type: none"> <li>➤ Performance-Driven Rewards: A structured performance evaluation system is integrated with competitive benefit packages and ongoing training opportunities.</li> <li>➤ Technology-Enabled Talent Management: Goal setting and a performance-oriented culture are fostered through the implementation of Oracle HCM.</li> <li>➤ Talent Development: Increased focus is placed on training and international exposure for emerging</li> </ul>
<b>Reputation Risk</b> ➤ 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"> <li>➤ Adherence to Standards: KVPL consistently complies with both international and local standards including quality assurance, food safety, and ISO certifications to uphold its reputation locally and globally.</li> <li>➤ Quality Verification: Tea samples are regularly submitted to local and international testing institutes to meet buyer specifications and ensure product quality</li> <li>➤ Ongoing Internal Audits: Regular internal audits are conducted to assess and maintain operational and quality standards</li> </ul>

Risk Factor	Risk Rating		Response
	2024/25	2023/24	
<b>Business Disruption</b> ↗ Natural disasters, human involved activities (human errors, accidents etc.) may cause business/ operational disruptions.	L	L	↗ Health & Safety Assurance: Regular third-party certifications are obtained, and disaster management policies are implemented with guidance from internal and external experts ↗ Risk Mitigation: Company assets are protected through comprehensive insurance coverage
<b>IT Risk</b> Include risk of system failure and loss of data	M	M	↗ Have implemented a sound IT policy, including IT security, privacy and confidentiality, supported by adequate systems and controls ↗ KVPL is the first company in Sri Lanka's plantation and agriculture sector to attain ISO/IEC 27001:2022 certification, demonstrating its commitment to robust information security management ↗ 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 ↗ All software used is properly licensed, ensuring legal compliance and system security ↗ Periodic audits are conducted to assess system integrity and identify areas for improvement ↗ Ongoing training sessions are held to enhance employee knowledge and effective use of IT systems ↗ A dedicated team of qualified IT professionals manages and supports all technology operations ↗ Have provided new technologies (Tabs, Smart phones etc.) for online transmission of daily information to the estate managers ↗ IT systems are continuously monitored and improved to maintain performance and security
<b>Technological Risk</b> ↗ Not keeping pace with technological developments could lead to obsolescence	L	L	↗ Research and development initiatives are pursued as needed to drive innovation ↗ Estate operations are mechanized to the fullest extent possible to enhance efficiency ↗ Strong partnerships are maintained with research institutions and universities to access cutting-edge technologies ↗ Upgrading Infrastructure: Continuous investment is made in hardware and technological resources ↗ Update & adhere to Hayleys Group IT requirements and standards.
<b>Compliance and Other Risks</b>			
<b>Regulatory Risk</b> (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	M	L	↗ The European Union's Deforestation Regulation (EUDR), effective from December 31, 2024, mandates that all rubber exports to the EU must be traceable to legally cultivated land and not linked to deforestation or forest degradation after December 2020. For KVPL, adhering to the EUDR is crucial to sustain and potentially expand its rubber exports to the EU. By investing in traceability systems and aligning with sustainability practices, KVPL can navigate the regulatory landscape effectively and continue its contributions to Sri Lanka's rubber industry ↗ Statutory obligations are regularly reviewed by the Head of Finance and reported to the Audit Committee ↗ Group has its own legal and tax consultants

# People First, Future Ready



Our strength lies in people. By investing in knowledge, technology, and innovation, we are empowering a new generation of talent which diverse in skill, united in vision, and ready to lead in a changing world.



# Annual Report of the Board of Directors on the Affairs of the Company

## General

The Board of Directors of Kelani Valley Plantations PLC ("the Company") have pleasure in presenting the Annual Report of the Board of Directors on the Affairs of the Company and of the Group together with the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2025.

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 (CSE), 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 05 May 2025.

## 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 22 of this Report.

The Chairman's Message (page 32 to 34), Managing Director's Review (page 35 to 38), Sustainability Report (page 51 to 60) and Financial Capital (pages 74 to 87) 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.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief, confirm that the Company has not engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government or any regulatory authority in any jurisdiction where the Company operates.

## Vision, Mission and Corporate Conduct

The Company's vision, mission and purpose statement are given on page 09.

The 'Group Code of Business Conduct and Ethics - Hayleys Way' provides the frame work for our corporate conduct. The Group is committed to conduct its business operations with honesty, integrity, to comply with the laws and regulations of the country and with respect to the rights and interests of all stakeholders.

## Financial Statements

The Financial Statements of the Company and the Group are given from pages 228 to 234.

## Auditor's Report

The Independent Auditor's, Messrs. Ernst and Young, Chartered Accountants carried out an audit on the Financial Statements of the Company and the Group as at 31 March 2025, and their Report on the Financial Statements of the Company and the Group is given from pages 225 to 227.

## Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given from pages 235 to 249.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as of 31 March 2025 and of their performance for the year-ended on that date.

There were no material changes in the Accounting Policies adopted with those of the last year other than disclosed in Note 2.3 to the financial statements.

## Group Revenue

The Group Revenue during the year was Rs. 21,640,793,699/- (2023/24 - Rs. 19,968,248,675/-) and an analysis is given in Note 6.1 to the Financial Statements. The Group revenue from tea increased by Rs. 1,017,636,782/- (2023/24 decreased by Rs. 378,171,962/-) and rubber increased by Rs. 658,596,657/- (2023/24 - decreased by Rs. 399,600,467/-) during the year, respectively. Segmental analysis of the Group revenue is shown in note 6.1 to the Financial Statement.

## Results and Dividends

The first interim dividend of Rs. 2.60 (Rupees two and cents sixty) per share was paid to the shareholders on 23 April 2025. The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act for the interim dividend paid.

Solvency certificates were obtained from the Auditors as required.

The Group profit before taxation amounted to Rs. 1,380,770,637/- (2023/24 - profit before taxation Rs. 1,849,440,798/-). After deducting Rs. 438,824,858/- (2023/24 - Rs. 666,608,513/-) for taxation, the profit for the year was Rs. 941,945,779/- (2023/24 - profit of Rs. 1,182,832,285/-).

The Group profit attributable to owners of the parent after deducting for noncontrolling interest of Rs. 29,088,615/- (2023/24 - Rs. 9,396,868/-) for the year was Rs. 912,697,922/- (2023/24 - 1,173,435,417/-).

The Profit available for appropriation, inclusive of Rs. 5,823,980,130/- (2023/24 - Rs. 5,115,217,411/-) of brought forward retained profit amounted to Rs. 6,538,139,138/- (2023/24 - Rs. 5,823,980,926/-). 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 and Equipment

The capital expenditure of the Group during the period amounted to Rs. 1,005,551,542/- (2023/24 - Rs. 726,214,065/-) whilst that of the Company was Rs. 631,940,259/- (2023/24 - Rs. 346,024,306/-) which includes replanting expenditure of Rs. 451,862,985/- (2023/24 - Rs. 222,210,040/-) on rubber, coffee, coconut, cinnamon and fuel wood.

Information relating to movement of Property, Plant & Equipment is given in Notes 12, 13 and 14 to the Financial Statements.

### Market Values of the Properties

The freehold land in the Company has in general been subject to routine revaluation by independent qualified valuers. However, Lands belongs to Company received by way of Government lease and which are not required revaluation. However, revaluation of lands belongs to Mabroc Teas (Private) Limited was conducted in the financial year 2024/25 and results have been incorporated in the note 13 of the Financial Statements.

### Stated Capital and Reserves

In compliance with the Companies Act, the Financial Statements reflect the stated capital of the Company.

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.

### Golden Shareholder

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.

### Reserves

The total reserves of the Group as at 31 March 2025 amounted to Rs. 8,238,139,138/- (2023/24 - Rs. 7,523,980,926/-) comprising the general reserve of Rs. 1,700,000,000/- (2023/24 - Rs. 1,700,000,000/-) and the carried forward profit of Rs. 6,538,139,138/- (2023/24 - Rs. 5,823,980,926/-).

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.

Applicable income tax rates for the Company's activities are shown below;

Activity	Income tax rate - Y/A 2024/25	Income tax rate - Y/A 2023/24
Agriculture	30%	Exempted
Agro processing	30%	30%
Other Income	30%	30%

Information relating to income tax rates of subsidiary companies is shown in Note 10 the Financial Statements.

### 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 of the Company who have relevant interests in the shares of the Company have disclosed their shareholding and any acquisitions/disposals to the Board, in compliance with Section 200 of the Companies Act.

### Interest Register

The Company, in compliance with the Companies Act, maintains an Interests Register. Particulars of entries in the Interests Register are detailed below;

D P L Plantations (Pvt) Ltd holds 49,253,800 shares (72.43%) in Kelani Valley Plantations PLC in which Mr. Mohan Pandithage, Dr. Roshan Rajadurai, Mr. Anura Weerakoon and Mr. Sarath Ganegoda are Directors.

The subsidiary companies have unanimously agreed to dispense with the keeping of an Interest Register.

### Directors' Shareholdings

The shareholdings of the Directors as at 31 March 2025 were as follows;

Name of the Director	As at 31/03/2025	As at 31/03/2024
Mr. Mohan Pandithage - Chairman	-	-
Dr. Roshan Rajadurai - Managing Director	4,382	4,382
Mr. Anura Weerakoon - Chief Executive Officer	-	-
Mr. Sarath Ganegoda	165,000	165,000
Mr. Faiz Mohideen	-	-
Mr. Chathura Cabraal	-	-
Mr. Nandana Ekanayake - Senior Independent Director	-	-
Mr. Malaka Talwatte	-	-
Mrs. Saumya Amarasekera PC	-	-
Mr. Sujeewa Peiris	-	-

# Annual Report of the Board of Directors on the Affairs of the Company

## Insurance and 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 2025, is Rs. 162,389,460/- (2023/24 Rs. 131,023,530/-) and Rs. 71,611,755/- (2023/24 Rs. 52,672,045/-) respectively, including the value of perquisites granted to them as part of their terms of service.

The total remuneration of Non-Executive Directors of the Company for the year ended 31 March 2025, is Rs. 9,750,000/- (2023/24 Rs. 3,975,000/-) 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 this year by the Company and the Group amounted to Rs. 100,000/- and Rs. 795,137/- respectively. (2023/24 - Rs. 150,000/- and Rs. 640,000/- respectively).

No donations were made for political purposes.

## Directorate

The names of the Directors who served during the year are given below and their brief profiles appear on pages 16 to 18 of this report

### Executive Directors

- Mr. Mohan Pandithage (*Chairman*)
- Dr. Roshan Rajadurai (*Managing Director*)
- Mr. Anura Weerakoon (*Chief Executive Officer*)

### Non-Executive Directors

- Mr. Sarath Ganegoda
- Mr. Faiz Mohideen
- Mr. Chathura Cabraal
- Mr. Sujeewa Peiris

## Independent Non-Executive Directors

- Mr. Nandana Ekanayake (*Senior Independent Director*)
- Mr. Malaka Talwatte
- Mrs. Saumya Amarasekera, PC

With a view to improving the collective effectiveness and performance of the Board, Board and Subcommittee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

None of the director or close family members have any material business relationships with other directors of the Company.

In terms of Article 30 (1) of the Articles of Association of the Company, Mr. Chathura Cabraal, Mr. Nandana Ekanayake, and Mr. Sujeewa Peiris 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. Mohan Pandithage and Mr. Faiz 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 9A of Corporate Governance Rules of CSE.

Directors of the subsidiaries are given on page 22.

## Corporate Governance

The Company has complied with the 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 167 to 196 discusses this further.

Mr. Nandana Ekanayake was appointed as the Senior Independent Director,

in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. Mohan 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 Company. Please refer the Senior Independent Director's Report on page 222.

The Directors and Managing Director 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 Managing Director 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 of the Colombo Stock Exchange and other regulatory requirements.

## Directors' Meeting

The number of Directors' meetings comprises Board meetings, Subcommittees meetings and the attendance of Directors at these meetings are given on page 169 and 172 Furthermore, the Directors contributed towards policy advocacy and direction by participating in the deliberations of the Board-appointed Subcommittees on strategic review, procurement and disposal of assets.

## Board Subcommittee

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 215 and 221 of this report.

### Related Party Transactions

The related party transactions of the Group during the year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules. Please refer Related Party Transactions Review Committee Report on page 218.

### Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on page 214 which forms an integral part of the Annual Report of the Board of Directors.

### Auditors

The Financial Statements for the year have been audited by Messrs. Ernst & Young, Chartered Accountants.

The Auditors, Messrs Ernst & Young, Chartered Accountants were paid Rs. 12,035,058/- (2023/24 - Rs. 9,508,175/-) and Rs. 8,653,740/- (2023/24 Rs. 7,303,650/-) by the Group and the Company respectively as Audit fees for the financial year ended 31 March 2025.

In addition, the Group paid Rs. 3,006,487/- (2023/24 - Rs. 2,839,260/-) to Messrs. Ernst & Young, Chartered Accountants for the year whilst the Company incurred Rs. 1,106,861/- (2023/24 - Rs. 939,634/-) on non-audit related work which mainly consists of tax consultancy services.

As far as the Directors are aware, the Auditors of the Company and of the Subsidiaries do not have any relationships (other than that of an Auditor) with the Company or any of its Subsidiaries other than those disclosed above. The Auditors also do not have any interests in the Company or any of its Group companies.

Messrs. Ernst & Young, Chartered Accountants have expressed their willingness to continue in office and in accordance with the Companies Act, a resolution proposing the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors and to authorize the directors to determine their remuneration is being proposed at the Annual General Meeting.

### Share Information

Information relating to Earnings, Dividend, Net Assets per Share, Market Value Per Share and Share Trading is shown in page 24 and 293 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 2025 and public shareholding percentage and total number of public shareholders are shown on page 294.

### Ratios and Market Price Information

The ratios relating to equity and debt as required by the Continuing Listing Requirements of the CSE are given on page 24.

### 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 34 to the Financial Statements.

### Employees and 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 7,432 (2023/24 - 7,621) of which 7,394 (2023/24 - 7,583) 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 and are up to date.

The declaration relating to statutory payments is made in the Statement of Directors Responsibilities on page 214.

### 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 60.

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 100 to 124.

### Exposure to Risk

The Company has a structured risk management process in place support its operations. The Audit Committee plays a major role in this process. The risk management section referred in pages 197 to 206 elaborates these practices and the risk factors.

### Policies

The Company has adopted the following policies, effective from 1 October 2024 and has uploaded them to the Company's website;

- Policy on matters relating to the Board of Directors.
- Policy on Board Committees.
- Policy on Corporate Governance.
- Policy on Shareholder and Investor Communication.
- Policy on Risk Management and Internal Controls.

## Annual Report of the Board of Directors on the Affairs of the Company

- Policy on Rewards and Remuneration.
- Policy on Whistleblowing.
- Policy on Anti-Bribery and Corruption.
- Policy on Corporate Disclosures.
- Policy on Control and Management of Company Assets and Shareholder Investments.
- Environmental Policies (Sustainability Policy/Manual).
- HR Policy/Manual.
- Policy on Internal Code of Ethics and Business Conduct.

'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 Company.

The Company has adopted ESG/ Sustainability framework with set KPIs on Environmental, Social and Governance aligning with Hayleys Group's ESG Roadmap.

### Environmental Protection

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.

The environment section of the Sustainability Report is given from page 51 to 60.

### Internal Control

The Directors acknowledge their responsibility for the Company'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 Company's adherence to and the effectiveness of these controls.

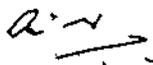
### Going Concern

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

### Annual General Meeting

The Annual General Meeting will be held on, Monday, 23 June 2025 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 314.

For and on behalf of the Board,



**Mohan Pandithage**  
Chairman



**Roshan Rajadurai PhD, D.Sc.**  
Managing Director



**Hayleys Group Services (Private) Limited**  
Secretaries

No. 400, Deans Road  
Colombo 10

05 May 2025

## Directors' Statement on Internal Control

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 2024/25 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

05 May 2025

The Directors are responsible under Sections 150 (1), 151, 152 (1) and 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 and loss of the Company and the Group for the financial year.

The Directors are also responsible, under Section 148 of the Companies Act to ensure that proper accounting records are kept to enable, determination of the 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 judgements 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 (SLFRS/LKAS), 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 the interim dividend paid. Auditors' solvency certificates have been obtained as required.

The External Auditors, Messrs. Ernst & Young, Chartered Accountants who were re-appointed in terms of the Companies Act 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 on pages 225 to 227 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 and Group as at the Balance Sheet date have been paid or provided where relevant.

By Order of the Board,



**Hayleys Group Services (Private) Limited**  
*Secretaries*

05 May 2025



**Mr. Nandana Ekanayake\*\*\***  
Chairman

### Composition

The Members who served on the Committee during the Financial Year 2024/25 are as follows:

#### Members

- Mr. Faiz Mohideen\*\*
- Mr. Malaka Talwatte\*\*\*

\*\* Non-Executive Director  
\*\*\* Independent Non-Executive Director

The Audit Committee ("the Committee") is appointed by and is responsible to the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. It will review the financial reporting process, the integrity of the financial statements, the systems of internal control, the audit process and the Company's process for monitoring compliance with laws and regulations.

The Chairman of the Committee is a senior Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA), 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. The other members possess relevant knowledge, qualifications and experiences in financial reporting, control, legal and regulatory requirements.

Brief profiles of each Member are provided on pages 16 to 18 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.

Hayleys Group Services (Private) Limited, the Secretary of the Company, act as the Secretary to the Committee.

### Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the functions of the Committee are updated. The Terms of Reference of the Committee are clearly defined in the Charter of the 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 the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Committee.

### Meetings of the Audit Committee

The Committee meets as often as may be deemed necessary. It met four times to discuss the quarterly and annual Financial Statements for the financial year under review.

The attendance of the Members at these meetings is as follows:

Name of the Member	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. Nandana Ekanayake (Chairman)***	4	4
Mr. Faiz Mohideen**	4	4
Mr. Malaka Talwatte***	4	4

\*\*\*Independent Non-Executive Director  
\*\* Non-Executive Director

The Chairman of the Board, Managing Director, Executive Directors, Finance Director of the Company, Hayleys Group Chief Financial Officer and Head of Group Management Audit and System Review Department (MA&SRD) attend the meetings of the Committee by invitation. The External Auditors are also invited to be present where relevant.

The proceedings of the Committee are reported quarterly to the Board of Directors by tabling the minutes of the Committee Meetings and update by the Chair of the Committee on matters that require the attention of the Board.

Audit Committee meeting papers, including the agenda, minutes and related reports and documents, are circulated to the Committee Members in advance.

### The Authority of the Audit Committee

- Recommend the appointment, reappointment, dismissal, service period and fees of the External Auditor.
- Establish and maintain a direct communication channel with the External Auditor.
- Resolve any issues regarding financial reporting between the Management and the External Auditor.
- Pre-approve all audit and non-audit services performed by the External Auditor and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the Management and External Auditor as necessary to carry out the assigned duties.

### Activities In 2024/25

The Committee, inter alia, engaged in the following activities during the financial year under review.

#### Financial Reporting System

The Committee reviewed the quality and integrity of the financial reporting system adopted by the Group 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 and the Director Finance. The Committee recommended the Financial Statements to the Board for its deliberations and approval. 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 the management, regulatory authorities and shareholders.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that financial reporting requirements under the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 07 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirement are met.

#### Internal Control Systems

The Committee reviewed the process to assess the adequacy and effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that Group assets are safeguarded and the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

The Hayleys Group MA&SRD regularly reports on key control elements and procedures in Group companies that are selected according to a Group annual Internal Audit Plan. Internal Audits are

outsourced wherever necessary, to leading audit firms in line with the annual audit plan. The Committee obtained significant findings and recommendations together with the Management's responses on the review of the internal controls carried out by the internal auditors and provided recommendations for improvement. Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee also 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 Hayleys Group MA&SRD, in the conduct of their assignments.

The Annual Internal Audit Plan is approved by the Audit Committee and its progress is reviewed on a quarterly basis in order to reflect the changing business needs and to ensure new and emerging risks are considered. During the financial year 2024/25, 16 internal audits were performed.

#### Risk Management

The Committee obtained and reviewed statements from the Heads of Business Sectors identifying their respective major business risks, and mitigation action taken or contemplated for the management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the Group.

The Committee also conducted ESG risk assessments during the year, thereby identifying, prioritising 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 in the Group and appropriate remedial actions were recommended to the Management and the Board.

A review of the insurance policies and their adequacy was also carried out.

#### External Audit

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan and the Audit Management Letters of Group Companies. 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 action was recommended wherever necessary.

The Committee has reviewed the other services provided by the External Auditor to the Group to ensure that their objectivity and independence as External Auditor has not been impaired. The Committee provides the opportunity to External Auditor to meet the Audit Committee Members independently, if necessary.

The Committee annually reviews the appointment of the External Auditor and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditor had not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the External Auditor and the level of audit and non-audit fees received by the Auditor, in order to ensure that it did not compromise their independence.

The Committee obtained written assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements and has made a determination of the independence of auditors based on the same.

The current External Auditor, Messrs. Ernst & Young, Chartered Accountants was initially appointed as External Auditor in 2012 and continues to hold that position at present. A partner rotation of the Auditors takes place periodically. A rotation of partner took place in financial year 2022/23

### Appointment of External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young, Chartered Accountants, continue as External Auditors for the financial year ending 31 March 2026 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the financial year 2024/25.

### Compliance

The Committee obtained written assurances from the Managing Director, Chief Executive Officer and Finance Director of the Company on the status of the Company's operations and finances. The Committee also received representations on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Group Companies certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates from the Head of 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, the Internal Code of Business Conduct and Ethics, the policies on Whistleblowing and Anti-Bribery and Corruption 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 Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

### 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. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The Committee has pursued the assistance of Messrs. Ernst &

Young to assess and review the existing SLFRS policies and procedures adopted by the Group and continuously monitors 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, and 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.



**Nandana Ekanayake**  
*Chairman - Audit Committee*

05 May 2025

### Composition

The Related Party Transactions Review Committee (“the Committee”) of the Company was established in February 2023 in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of Colombo Stock Exchange. The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

### Attendance

The Committee meets on a quarterly basis or as often as may be deemed necessary. During the financial year 2024/25, The Committee met four times to review the related party transactions.

Name of the Member	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. Nandana Ekanayake*** (Chairman)	4	4
Mr. Faiz Mohideen**	4	4
Mr. Malaka Talwatte***	4	4

\*\*Non-Executive Director

\*\*\*Independent Non-Executive Director

The Chairman of the Committee is an Independent Non-Executive Director. Profiles of the Committee members are given in Pages 16 to 18.

The Chairman, Managing Director, Director/Chief Executive Officer, Director-Finance and any other officers as may be required by the Committee attend the meetings by invitation.

The Company Secretaries act as the Secretaries to the Committee and Minutes of Committee meetings are tabled at the Board meetings, thereby providing the Directors access to the deliberations of the Committee.

### 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 the 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 compliances of Kelani Valley Plantations PLC and its subsidiaries and communicated the same 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.

### Policy and Terms of Reference

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify the related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. The Policy outlines the composition of the Committee, meeting procedures and the responsibilities of the Committee. It also specifies the approval processes and disclosure requirements, including market announcements and Annual Report disclosures. The Policy guides the Committee and makes them responsible for ensuring that no director or major shareholder takes advantage of their position to the detriment of the interest of minority shareholders.

### Disclosures

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclose under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 32 to the financial statements given in page 281 to 283 this 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 281 to 283 of this Annual Report.



**Nandana Ekanayake**  
Chairman - Related Party Transactions  
Review Committee

05 May 2025

# Remuneration Committee Report

## Composition

The Remuneration Committee (“the Committee”) of the Company is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

## Attendance

The Committee meets as often as may be deemed necessary. The Committee met once during the year.

Name of the Member	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. Nandana Ekanayake*** (Chairman)	1	1
Mr. Faiz Mohideen**	1	1
Mr. Malaka Talwatte***	1	1

\*\* Non-Executive Director

\*\*\* Independent Non-Executive Director

The Chairman of the Committee is an Independent Non-Executive Director.

The Remuneration Committee has well defined Terms of Reference.

The members of the Committee are free from business, operational, personal or other relationships which may interfere with their independent, unbiased judgement.

## Responsibilities of the Remuneration Committee

- To make recommendations to the Board of Directors regarding the framework of remuneration to the Executive Directors and Senior Management.
- To evaluate the compensation of the Managing Director, Executive Directors and the Management Committee.
- To review the guidelines and parameters for the compensation structures of Management within the Company/ Group taking into consideration industry norms.
- To review from time to time information related to Executive and Non-Executive Directors payments, to ensure that they are on par with the market/industry rates.
- To evaluate the performance of the Managing Director, Chief Executive Officer, Executive Directors and Management, against predetermined targets and goals set by the Board.
- To assess and recommend to the Board of Directors, promotion of the Management and address succession planning.
- To recommend annual salary increments and bonuses.

The Committee in performing its duties obtains the assistance of the Managing Director of the Company to provide relevant information to the Committee, and to assist in their analysis and deliberations, except when his own compensation package is reviewed. The Managing Director and the Board Chairman participate by invitation in the meetings of the Remuneration Committee as and when necessary.

## Remuneration Policy

The remuneration policy of the Company/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 each business within the Group and 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 Company/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 subcommittees. They do not receive any performance related incentive payments.

## Activities in 2024/2025

During the year the Committee reviewed the performance of the Managing Director, Chief Executive Officer, Executive Directors and Management Team based on the targets set in the previous year and determined the bonus payable and the annual increments.

Reviewed the compensation parameters of the Management and implemented market corrections where necessary. The Committee is also recommended that compensation packages to be in line with the market median.

Recommended the bonus payable and annual increments to be paid 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. 172,139,460/-.



**Nandana Ekanayake**  
Chairman – Remuneration Committee

05 May 2025

# Nominations and Governance Committee Report

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## Composition

The Nominations and Governance Committee ("the Committee") of the Company was established in February 2023. The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director.

## Attendance at Committee Meetings

The Committee meets as often as may be deemed necessary. The Committee met three times during the year.

Name of the Member	Date of Appointment to the Committee	No. of Meetings Eligible to Attend	No. of Meetings Attended
Mr. Nandana Ekanayake***- (Chairman)	02 February 2023	3	3
Mr. Faiz Mohideen**	02 February 2023	3	3
Mr. Malaka Talwatte***	08 January 2024	3	3

\*\*Non-Executive Director

\*\*\*Independent Non-Executive Director

The Chairman of the Committee is an Independent Non-Executive Director.

The Committee has well-defined terms of reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities and meeting related matters.

## 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 Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal 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 the Board Directors, the Managing Director and the Director/Chief Executive Officer 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 into 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 Securities and Exchange Commission 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 or the Director/Chief Executive Officer. Special Board meetings are called if the need arises, to discuss any important or critical matters. No such special meetings were held during the financial year.

Newly appointed Directors were given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the manufacturing facilities, estate and factories 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. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Company has adopted the following policies, with effect from 1 October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange;

- Policy on matters relating to the Board of Directors.
- Policy on Board Committees.
- Policy on Corporate Governance.

- Policy on Shareholder and Investor Communication.
- Policy on Risk Management and Internal Controls.
- Policy on Rewards and Remuneration.
- Policy on Whistleblowing.
- Policy on Anti-Bribery and Corruption.
- Policy on Corporate Disclosures.
- Policy on Control and Management of Company Assets and Shareholder Investments.
- Environmental Policies (Sustainability Policy/Manual).
- HR Policy/Manual.
- Policy on Internal code of Ethics and Business Conduct

### Re-Appointments / Re-Elections

One Third (1/3) of Directors, except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. Chathura Cabral, Mr. Nandana Ekanayake and Mr. Sujeewa Peiris, to the Board at the Annual General Meeting to be held on 23 June 2025, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. Chathura Cabral, a Non-Executive Director was appointed to the Board in January, 2013, and was last re-appointed as a Director in June, 2023. His directorships and other principal commitments are given in the profile on page 17. He does not serve on any Board Committees.

Mr. Nandana Ekanayake, an Independent Non-Executive Director was appointed to the Board in June, 2022, and was last re-appointed as a Director in June, 2023. His directorships and other principal commitments are given in the profile on page 17. He serves as the Chairman of the Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and Nominations and Governance Committee of Kelani Valley Plantations PLC.

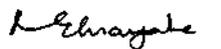
Mr. Sujeewa Peiris, a Non-Executive Director was appointed to the Board in January, 2024 and last re-appointed as a Director in June, 2024. His directorships and other principal commitments are given in the profile on page 18. He does not serve on any Board Committees.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. Mohan Padithage and Mr. Faiz Mohideen who are over seventy years and who retire in terms of Section 210 of the Companies Act No. 07 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 committee has ensured Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

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 193 to 196.



**Nandana Ekanayake**  
Chairman - Nominations and Governance Committee

05 May 2025

[Profile of Mr. Nandana Ekanayake is given on page 17 of this report.]

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 Chief Executive Director (“CEO”) are the same person or where the Chairman is not an Independent Director, a Senior Independent Director 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 provides guidance to the Chairman on matters of governance of the Company.

The role of the Senior Independent Director also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The Senior Independent Director 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.

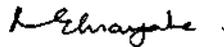
Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

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 Senior Independent Director in accordance with the Corporate Governance guidelines.



**Nandana Ekanayake**  
*Senior Independent Director*

05 May 2025

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## Financial Calendar

2024/25	Financial Calendar	2023/24
31 July 2024	01 <sup>st</sup> Quarter	08 August 2023
05 November 2024	02 <sup>nd</sup> Quarter	02 November 2023
30 January 2025	03 <sup>rd</sup> Quarter	23 January 2024
05 May 2025	04 <sup>th</sup> Quarter	10 May 2024
26 May 2025	Annual Report	28 May 2024
23 June 2025	Annual General Meeting	24 June 2024

Date of Authorisation for Issue	Financial Year	Annual General Meeting
10 May 2024	2023/24	24 June 2024
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

Dividend	Rs. Per Share	Date of Announcement	Date of Payment
1st Interim Dividend	2.60	27 March 2025	23 April 2025

# Independent Auditors' Report



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
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RDeS/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, 2025, 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, 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### BASIS FOR OPINION

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

#### 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
<p><b>1. Measurement of Bearer Biological Assets</b></p> <p>As of 31 March 2025, the Group's bearer biological assets amounted to Rs. 4,233 Mn and represented 26% of the Group's total assets. Bearer Biological Assets comprised of Rs 1,290 Mn Immature Plantations and Rs 2,943 Mn of Mature plantations, as disclosed in Note 14.1 to the financial statements. Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following:</p> <ul style="list-style-type: none"> <li>➤ The materiality of the reported bearer biological asset balance; and</li> <li>➤ 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 Note 4.6 to the financial statements.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>➤ Obtained an understanding of management's expense allocation process and the identification of expenses to be capitalized in relation to immature plantations.</li> <li>➤ Tested the significant expenses incurred by capital expenditure authorizations and other corroborative evidence.</li> <li>➤ Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations.</li> <li>➤ 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.</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 4.6 and 14.1 to the financial statements.</p>

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

Principals: T.P.M. Ruberu FCA FCCA MBA (US-J-SL), G.B. Goudfian ACMA, D.L.B. Karunathilaka ACMA, W.S.J. De Silva BSc (Hons) - MIS Msc - IT, V. Shakthivel B.Com (Sp)



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### Key audit matter

### How our audit addressed the key audit matter

#### 2. Retirement Benefit Obligation

As disclosed in Note 25 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 1,440 Mn and represented 18% of the Group's total liabilities as of 31 March 2025. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary 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 assumptions, judgements 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
- Tested 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.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

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

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism

### OTHER INFORMATION INCLUDED IN THE COMPANY'S 2025 ANNUAL REPORT

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

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

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



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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.

05 May 2025  
Colombo

For the year ended 31 March	Notes	Group		Company	
		2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>Revenue</b>	6.1	21,640,793	19,968,249	8,101,715	7,432,010
Cost of sales		(18,962,447)	(16,925,211)	(6,908,343)	(6,083,562)
<b>Gross profit</b>	6.2	2,678,346	3,043,038	1,193,372	1,348,448
Gain on change in fair value of biological assets	14.2.1	75,479	3,405	75,479	3,405
Other income	7	232,926	210,098	286,597	332,497
Administrative expenses		(1,430,067)	(1,216,213)	(641,378)	(519,282)
Distribution expenses		(105,024)	(159,294)	-	-
<b>Results from operating activities</b>		1,451,660	1,881,034	914,070	1,165,068
Finance income	8.1	357,985	465,762	185,987	310,738
Finance expenses	8.2	(287,148)	(383,641)	(22,572)	(37,984)
Interest paid to Government on lease	8.3	(148,908)	(121,851)	(148,908)	(121,851)
<b>Net finance income/(cost)</b>	8	(78,071)	(39,730)	14,507	150,903
Share of profit from equity accounted investee		7,181	8,137	-	-
<b>Profit before tax</b>	9	1,380,770	1,849,441	928,577	1,315,971
Tax expense/ reversal	10.1	(438,984)	(666,609)	(260,762)	(416,993)
<b>Profit for the year</b>		941,786	1,182,832	667,815	898,978
<b>Attributable to:</b>					
Equity holders of the Parent		912,698	1,173,435	667,815	898,978
Non-controlling interest		29,088	9,397	-	-
<b>Profit for the year</b>		941,786	1,182,832	667,815	898,978
<b>Earnings per Share</b>					
Basic earnings per share (Rs.)	11.1 (A)	13.42	17.26	9.82	13.22
Diluted earnings per share (Rs.)	11.1 (B)	13.42	17.26	9.82	13.22
<b>Dividend per Share (Rs.)</b>	11.2	-	-	2.60	3.75

Figures in brackets indicate deductions.

Notes to the Financial Statements from page 235 to 290 form an integral part of these Financial Statements.

# Statement of Comprehensive Income

For the year ended 31 March	Notes	Group		Company	
		2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Profit for the year		941,786	1,182,832	667,815	898,978
<b>Comprehensive Income</b>					
Comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Fair value gain on FVTOCI financial assets	15.3	12,433	26,255	-	-
Revaluation of land	13	46,500	-	-	-
Actuarial gain/(loss) on retirement benefit obligations	25	(95,476)	(193,097)	(94,720)	(190,919)
Income tax effect	10.2	14,693	57,929	28,416	57,276
Net exchange differences on translation of foreign operations		137	1,744	-	-
Comprehensive income for the year, net of tax		(21,713)	(107,169)	(66,304)	(133,643)
<b>Total comprehensive income for the year, net of tax</b>		<b>920,073</b>	<b>1,075,663</b>	<b>601,511</b>	<b>765,335</b>
<b>Attributable to:</b>					
Equity holders of the Parent		890,959	1,065,764	601,511	765,335
Non-controlling interest		29,114	9,899	-	-
<b>Total comprehensive income for the year</b>		<b>920,073</b>	<b>1,075,663</b>	<b>601,511</b>	<b>765,335</b>

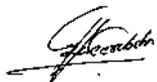
Figures in brackets indicate deductions.

Notes to the Financial Statements from page 235 to 290 form an integral part of these Financial Statements.

	Notes	Group		Company	
		As at 31.03.2025 Rs. '000	As at 31.03.2024 Rs. '000	As at 31.03.2025 Rs. '000	As at 31.03.2024 Rs. '000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Right-of-use Assets	12	915,018	770,009	915,018	770,009
Freehold property, plant & equipment	13	3,127,462	2,806,635	1,155,974	1,129,368
Bearer biological assets	14.1	4,232,931	3,991,849	4,232,931	3,991,849
Biological assets - consumable	14.2	352,858	271,184	352,858	271,184
Investments in subsidiaries	15.1	-	-	828,000	828,000
Investments in equity accounted investee	15.2	147,039	139,858	-	-
Other non-current financial assets	15.3	435,658	423,225	435,658	423,225
Intangible assets	16	35,346	36,377	-	-
Deferred tax assets	24	1,293	2,278	-	-
<b>Total non-current assets</b>		<b>9,247,605</b>	<b>8,441,415</b>	<b>7,920,439</b>	<b>7,413,635</b>
<b>Current assets</b>					
Produce on bearer biological assets	17.1	25,220	22,718	25,220	22,718
Inventories	17.2	1,862,776	2,039,119	1,105,237	1,128,332
Amounts due from subsidiaries	29.2	-	-	400,689	23,225
Amounts due from other related companies	29.1	102,920	116,653	31,656	40,080
Trade and other receivables	18	2,662,365	2,407,619	616,333	753,471
Short-term investment	20.1	2,324,002	1,729,947	1,637,873	1,379,270
Cash and cash equivalents	20.2	296,296	347,791	63,580	97,604
<b>Total current assets</b>		<b>7,273,579</b>	<b>6,663,847</b>	<b>3,880,588</b>	<b>3,444,700</b>
<b>Total assets</b>		<b>16,521,184</b>	<b>15,105,262</b>	<b>11,801,027</b>	<b>10,858,335</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	21	340,000	340,000	340,000	340,000
Revenue reserves		8,238,141	7,523,982	5,625,757	5,201,046
Total equity attributable to equity holders of the company		8,578,141	7,863,982	5,965,757	5,541,046
Non-controlling interest		98,162	69,048	-	-
<b>Total equity</b>		<b>8,676,303</b>	<b>7,933,030</b>	<b>5,965,757</b>	<b>5,541,046</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings	22.1	12,365	62,604	-	-
Deferred income	23	621,090	655,491	621,090	655,491
Deferred tax liability	24.1	1,181,062	1,102,838	1,075,955	1,022,010
Retirement benefit obligations	25	1,440,058	1,263,546	1,358,767	1,192,959
Lease liability	26.3	1,041,904	854,897	1,041,904	854,897
<b>Total non-current liabilities</b>		<b>4,296,479</b>	<b>3,939,376</b>	<b>4,097,716</b>	<b>3,725,357</b>

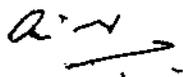
	Notes	Group		Company	
		As at 31.03.2025 Rs.'000	As at 31.03.2024 Rs.'000	As at 31.03.2025 Rs.'000	As at 31.03.2024 Rs.'000
<b>Current liabilities</b>					
Trade and other payables	27	2,079,220	1,757,152	1,621,659	1,298,304
Lease liability	26.3	11,573	8,239	11,573	8,239
Amounts due to subsidiaries	29.1	-	-	-	208
Amounts due to other related companies	29.1	111,435	130,341	47,862	93,725
Income tax payable	28.1	99,130	262,652	56,460	188,081
Interest-bearing borrowings payable within one year	22.1	49,458	53,458	-	3,375
Short-term interest bearing borrowings	22.2	1,197,585	1,020,781	-	-
Bank overdraft	20.3	1	233	-	-
<b>Total current liabilities</b>		<b>3,548,402</b>	<b>3,232,856</b>	<b>1,737,554</b>	<b>1,591,932</b>
<b>Total liabilities</b>		<b>7,844,881</b>	<b>7,172,232</b>	<b>5,835,270</b>	<b>5,317,289</b>
<b>Total equity and liabilities</b>		<b>16,521,184</b>	<b>15,105,262</b>	<b>11,801,027</b>	<b>10,858,335</b>
Net assets per share (Rs.)		126.15	115.65	87.73	81.49

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,



**Mohan Pandithage**  
Chairman



**Roshan Rajadurai PhD, D.Sc.**  
Managing Director

Notes to the Financial Statements from page 235 to 290 form an integral part of these Financial Statements.

05 May 2025  
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 Rs. '000
		Stated capital Rs. '000	General reserve Rs. '000	Re- valuation reserve Rs. '000	FVTCI financial assets Rs. '000	Foreign			Retained earnings Rs. '000	Non- controlling Total interest Rs. '000		
						Currency Transaction reserve Rs. '000	Timber reserve Rs. '000	Bearer biological produce Rs. '000				
Balance as at 31 March, 2023	21	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/(loss) for the year		-	-	-	-	-	9,347	(5,942)	1,170,030	1,173,435	9,397	1,182,832
Comprehensive income		-	-	-	26,255	1,221	-	-	(135,147)	(107,671)	502	(107,169)
Dividend to Equity holders		-	-	-	-	-	-	-	(357,000)	(357,000)	-	(357,000)
Disposals/transfers due to change in controlling interest											9,567	9,567
<b>Balance as at 31 March 2024</b>		<b>340,000</b>	<b>1,700,000</b>	<b>43,901</b>	<b>121,652</b>	<b>1,221</b>	<b>195,558</b>	<b>22,718</b>	<b>5,438,932</b>	<b>7,863,982</b>	<b>69,048</b>	<b>7,933,030</b>
Profit for the year		-	-	-	-	-	72,977	2,502	837,219	912,698	29,088	941,786
Comprehensive income												
Actuarial gains on defined benefit plans		-	-	-	-	-	-	-	(95,454)	(95,454)	(22)	(95,476)
Revaluation of land	13	-	-	46,500	-	-	-	-	-	46,500	-	46,500
Financial assets		-	-	12,433	-	-	-	-	-	12,433	-	12,433
Income tax on other comprehensive income	10.2	-	-	(13,950)	-	-	-	-	28,636	14,686	7	14,693
Net exchange differences on transaction of foreign operations	-	-	-	-	-	96	-	-	-	96	41	137
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>32,550</b>	<b>12,433</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>(66,818)</b>	<b>(21,739)</b>	<b>26</b>	<b>(21,713)</b>
<b>Total Comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>32,550</b>	<b>12,433</b>	<b>96</b>	<b>72,977</b>	<b>2,502</b>	<b>770,401</b>	<b>890,959</b>	<b>29,114</b>	<b>920,073</b>
Dividend to Equity holders	11.2	-	-	-	-	-	-	-	(176,800)	(176,800)	-	(176,800)
<b>Total contributions by and distributions to owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(176,800)</b>	<b>(176,800)</b>	<b>-</b>	<b>(176,800)</b>
<b>Balance as at 31 March 2025</b>		<b>340,000</b>	<b>1,700,000</b>	<b>76,451</b>	<b>134,085</b>	<b>1,317</b>	<b>268,535</b>	<b>25,220</b>	<b>6,032,533</b>	<b>8,578,141</b>	<b>98,162</b>	<b>8,676,303</b>

Company	Notes	Revenue reserves					Retained earnings Rs. '000	Total equity Rs. '000
		Stated capital Rs. '000	General reserve Rs. '000	Timber reserve Rs. '000	Bearer			
					biological produce Rs. '000			
Balance as at 31 March, 2023	21	340,000	1,700,000	186,211	28,660	2,877,840	5,132,711	
Profit for the year		-	-	9,347	(5,942)	895,574	898,978	
Comprehensive income		-	-	-	-	(133,643)	(133,643)	
Dividends		-	-	-	-	(357,000)	(357,000)	
<b>Balance as at 31 March, 2024</b>		<b>340,000</b>	<b>1,700,000</b>	<b>195,557</b>	<b>22,718</b>	<b>3,282,771</b>	<b>5,541,046</b>	
Profit for the year		-	-	72,977	2,502	592,336	667,815	
Comprehensive income								
Actuarial gains on defined benefit plans		-	-	-	-	(94,720)	(94,720)	
Income tax on other comprehensive income		-	-	-	-	28,416	28,416	
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,304)</b>	<b>(66,304)</b>	
Dividends	11.2	-	-	-	-	(176,800)	(176,800)	
<b>Balance as at 31 March, 2025</b>		<b>340,000</b>	<b>1,700,000</b>	<b>268,534</b>	<b>25,220</b>	<b>3,632,003</b>	<b>5,965,757</b>	

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 235 to 290 form an integral part of these Financial Statements.

# Statement of Cash Flows

For the year ended 31 March		Group		Company	
		2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
	Notes				
<b>Cash flows from operating activities</b>					
		1,380,770	1,849,441	928,577	1,315,971
<b>Profit before tax</b>					
<b>Adjustments for;</b>					
	8.3	148,908	121,851	148,908	121,851
	8.2	287,148	383,641	22,572	37,984
	8.1	(357,985)	(465,762)	(185,987)	(310,738)
	7	(34,486)	(21,875)	(10,083)	(7,043)
		(75,479)	(3,405)	(75,479)	(3,405)
	7	(10,194)	(38,870)	(103,694)	(194,080)
		462,980	431,486	341,098	320,762
		55,485	60,725	55,485	60,725
	16	2,200	2,296	-	-
		(7,181)	(8,137)	-	-
		240,825	275,390	225,988	259,891
	23	(45,394)	(33,499)	(45,394)	(33,499)
		6,767	(6,941)	7,695	(12,451)
		185	(558)	277	(707)
<b>Operating profit before working capital changes</b>		<b>2,054,549</b>	<b>2,545,783</b>	<b>1,309,963</b>	<b>1,555,261</b>
		169,576	326,846	15,400	55,099
		(244,737)	(102,693)	178,846	(118,057)
		13,734	(58,777)	(369,040)	(23,967)
		311,618	(162,133)	329,827	(212,901)
		(18,907)	50,141	(46,071)	43,656
<b>Cash generated from operating activities</b>		<b>2,285,833</b>	<b>2,599,167</b>	<b>1,418,925</b>	<b>1,299,091</b>
	8.3	(148,908)	(121,851)	(148,908)	(121,851)
		(104,608)	(120,371)	(22,484)	(33,132)
		(485,950)	(411,208)	(304,427)	(219,132)
	25	(159,789)	(282,085)	(154,900)	(278,983)
<b>Net cash flow from operating activities</b>		<b>1,386,578</b>	<b>1,663,652</b>	<b>788,206</b>	<b>645,994</b>
<b>Cash flows from investing activities</b>					
	14.1	(451,863)	(222,210)	(451,863)	(222,210)
	8.1	232,487	297,631	166,030	283,352
		-	38,870	61,710	132,880
		(553,688)	(504,004)	(180,077)	(123,814)
		52,952	27,397	24,539	9,042
		-	-	-	(500,000)
		-	(139,858)	-	-
		(1,169)	-	-	-
<b>Net cash used in investing activities</b>		<b>(721,281)</b>	<b>(502,174)</b>	<b>(379,661)</b>	<b>(420,750)</b>
<b>Net cash inflow/(outflow) before financing activities</b>		<b>665,297</b>	<b>1,161,478</b>	<b>408,545</b>	<b>225,244</b>

For the year ended 31 March		Group		Company	
		2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
	Notes				
<b>Cash flows from financing activities</b>					
Dividend paid		(188,868)	(184,540)	(188,868)	(184,540)
Capital settlement of net liability to lessor		(10,152)	(21,900)	(10,152)	(21,900)
Exchange gain/(loss)		(57,042)	(95,140)	7,436	(3,722)
Short-term loans obtained during the year		6,648,985	3,846,795	350,000	200,000
Short-term loans repaid during the year		(6,472,182)	(4,242,696)	(350,000)	(200,000)
Long-term loans obtained during the year	22.1	-	150,250	-	-
Long-term loans repaid during the year	22.1	(54,239)	(161,742)	(3,375)	(4,500)
Grants received	23	10,993	35,724	10,993	35,724
<b>Net cash used in financing activities</b>		(122,505)	(673,249)	(183,966)	(178,938)
<b>Net increase/(decrease) in cash and cash equivalents</b>		542,792	488,229	224,579	46,306
<b>Cash and cash equivalents at the beginning of the period</b>		2,077,505	1,589,276	1,476,874	1,430,568
<b>Cash and cash equivalents at the end of the period (Note A)</b>		2,620,297	2,077,505	1,701,453	1,476,874
<b>Note A: Analysis of cash and cash equivalents</b>					
Cash and bank balances	20.2	296,296	549,111	63,580	298,924
Short-term deposits	20.1	2,324,002	1,528,627	1,637,873	1,177,950
		2,620,298	2,077,738	1,701,453	1,476,874
Bank overdraft	20.3	(1)	(233)	-	-
<b>Cash and cash equivalents</b>		2,620,297	2,077,505	1,701,453	1,476,874

Figures in brackets indicate deductions.

Notes to the Financial Statements from page 235 to 290 form an integral part of these Financial Statements.

# Note to the Financial Statements

## 1. REPORTING ENTITY

Kelani Valley Plantations PLC was incorporated on 18th 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 2025 comprise the Company and its Subsidiaries namely, Kalupahana Power Company (Pvt.) Ltd. ("KPC"), Mabroc Teas (Pvt.) Ltd ("MTP") 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 principal activities of the Company were the producing and processing of Tea and Rubber.

Principal activities of other companies in the Group are as follows.

Company	Nature of the business/ Principal 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 Authorization for issue

The Financial Statements of Kelani Valley Plantations PLC for the period ended 31 March 2025, were authorized for issue in accordance with a resolution of the Board of Directors on 05 May 2025.

### 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 2025.

- SLFRS 17 Insurance Contracts
- Amendments to LKAS 21 - Lack of Exchangeability

### 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. 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 2025. 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 recognized 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 principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of

relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 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 & 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 in 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 so capitalised and the capitalisation rates are disclosed in Notes to the Financial Statements.

#### 3.7.4 Owned Assets

The cost of property, plant & 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 labor, 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 capitalized 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 and 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 to use of assets representing the right to 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 to use of assets includes the amount of lease liabilities recognized, 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 derecognised 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 recognize 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.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, 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 fulfill in bringing the trees in to saleable condition. Here, the valuer has considered timber prices published by State Timber Corporation as the sector benchmark as the appropriate basis for determining the fair value of the subject timber trees.
Planting cost	Estimated costs for the further development of immature areas are deducted.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in 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 labor 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 Income Statement of Profit or Loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/ SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings & 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

PPE 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 derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is 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:

	No. of Years	Rate (%)
Right of Use land	53	1.89
Right of Use Building	05	20
Improvements to land	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 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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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

#### a) Financial assets at amortized cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

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

The 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 principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized 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. Dividends are recognized 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 principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

##### (b) Financial liabilities at amortized cost

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

Financial risk management objectives and policies have been disclosed under Note 37.

## 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 recognized in profit or loss at the end of each reporting period.

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

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 assets 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

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 recognized 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 principal 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized on an accrual basis in accordance with the substance of the relevant agreement.

#### ➤ Dividend Income

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

#### ➤ Interest Income

Interest income is recognized based on effective interest method.

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

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized 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/ (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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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 dividends received are classified as investing cash flows while dividends paid and Government grants received are classified as financing cash flows, for the purpose of presenting the 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 36 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.

## 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.

The prevailing tax rate was 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 nonfinancial 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 (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope

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

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 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 financial statement.

## 5.2 Amendments to LKAS 21 - Lack of Exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group Financial Statement.

**6. REVENUE****6.1 Industry Segment Revenue**

For the year ended 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Tea	19,181,791	18,167,886	5,575,063	5,577,318
Rubber	2,483,234	1,824,638	2,483,234	1,824,638
Others	142,107	145,795	43,418	30,054
Less: Intra-group sales	(166,339)	(170,070)	-	-
	21,640,793	19,968,249	8,101,715	7,432,010

**6.2 Industry Segment Results (Gross profit)**

Tea	2,166,805	2,796,169	758,294	1,192,802
Rubber	451,054	154,835	451,054	154,835
Others	60,487	92,034	(15,976)	811
	2,678,346	3,043,038	1,193,372	1,348,448

**7. OTHER INCOME**

For the year ended 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Profit on disposal of property, plant & equipment	34,486	21,875	10,083	7,043
Lease / rent income	54,203	51,559	54,203	51,559
Dividend income	10,194	38,870	103,694	194,080
Hydro power & solar income	18,900	4,988	20,159	6,316
Amortisation of Government grants	45,394	33,499	45,394	33,499
Sale of timber	143	1,597	143	1,597
Sundry income	69,606	57,710	52,921	38,403
	232,926	210,098	286,597	332,497

There are no unfulfilled conditions or contingencies attached to the grants.

## 8. NET FINANCE COST

For the year ended 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>8.1 Finance Income</b>				
Interest income	232,487	297,631	166,030	283,352
Gain on FVTPL financial asset	-	-	12,433	26,255
Foreign exchange gain	125,498	168,131	7,524	1,131
	357,985	465,762	185,987	310,738
<b>8.2 Finance Expenses</b>				
Interest on term-loans	(8,296)	(18,941)	(89)	(367)
Interest on overdraft and short-term loans	(94,237)	(98,604)	(22,395)	(31,752)
Foreign exchange loss	(182,540)	(263,270)	(88)	(4,853)
Interest expence on corporate guarantee	(2,075)	(1,814)	-	-
Interest paid on lease	-	(1,012)	-	(1,012)
	(287,148)	(383,641)	(22,572)	(37,984)
<b>8.3 Interest paid to Government on lease</b>				
	(148,908)	(121,851)	(148,908)	(121,851)
	(148,908)	(121,851)	(148,908)	(121,851)
<b>Net finance cost</b>	(78,071)	(39,730)	14,507	150,903

## 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	
		2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Directors' emoluments		172,139	143,157	81,362	56,647
Auditor's remuneration					
- Audit services		12,035	9,508	8,654	7,304
- Non-audit services		3,006	2,839	1,107	940
<b>Depreciation and Lease Amortisation</b>					
- Right-of-use asset-land	12.1.a	45,543	35,997	45,543	35,997
- Right-of-use asset-building	12.1.b	-	12,145	-	12,145
- Right-of-use asset-immovable assets	12.2.1/12.2.2	9,941	12,583	9,941	12,583
- Amortisation of intangible assets	16	2,200	2,296	-	-
- Tangible property, plant & equipment	13	260,896	239,915	139,014	129,190
- Bearer biological assets	14.1	202,084	191,571	202,084	191,571
<b>Staff Costs</b>					
- Defined contribution plan costs (EPF, CPPS, ESPS & ETF)		478,576	428,690	447,734	399,455
- Defined benefit plan cost (Retirement benefit obligations)	25	240,825	275,390	225,988	259,891
- Salaries and wages and other staff costs		4,464,194	3,473,335	3,988,044	3,218,808
- Staff training & development cost		7,898	7,294	6,429	4,822
Legal fees		42,021	46,917	40,367	45,263
Donations		795	640	100	150
Provision/(reversal) for bad & doubtful debts		185	(558)	277	(707)
Provision/(reversal) for obsolete inventories		6,767	(6,941)	7,695	(12,451)
Gain on change in fair value of biological assets	14.2	72,977	9,347	72,977	9,347

**10. TAX EXPENSE****10.1 Statement of Profit or Loss**

For the year ended 31 March			Group		Company	
			2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
	Notes					
<b>(I) Current Tax Expense</b>						
Income tax on current year profit	Company	10. A	(180,166)	(257,933)	(180,166)	(257,933)
	Subsidiaries	10. A	(150,432)	(215,901)	-	-
			(330,598)	(473,834)	(180,166)	(257,933)
(Under)/over provision in respect of previous years			2,015	2,197	1,765	(143)
			(328,583)	(471,637)	(178,401)	(258,076)
<b>(II) Deferred Tax Expense</b>						
Origination and reversal of temporary difference of						
	Company		(82,361)	(158,917)	(82,361)	(158,917)
	Subsidiaries		(11,540)	(8,665)	-	-
		24	(93,901)	(167,582)	(82,361)	(158,917)
Tax on dividend income			(16,500)	(27,390)	-	-
Tax expense reported in the Statement of Profit or Loss			(438,984)	(666,609)	(260,762)	(416,993)
<b>10.2 Statement of Comprehensive Income</b>						
Net (gain)/loss on actuarial (gain)/loss on defined benefit plans	Company		28,416	57,276	28,416	57,276
	Subsidiaries		227	653	-	-
Revaluation of land	Subsidiaries		(13,950)	-	-	-
Tax charged directly to other comprehensive income		25	14,693	57,929	28,416	57,276

The Company is liable to income tax, during the year of assessment 2024/25 at the rate of is 30% in terms of Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022.

Deferred taxes of the Company is computed at the rate of 30% (2023/24 - 30%)

KPC has used the tax rate 30% as per Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 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, 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.

**(A) Reconciliation of Accounting Profit to Income Tax Expense**

For the year ended 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Profit before tax	1,380,770	1,849,441	928,577	1,315,971
Share of profit of associates	(7,181)	-	-	-
	1,373,589	-	-	-
Aggregate disallowable expenses/investment income	1,129,528	1,410,674	830,066	1,021,026
Aggregate tax deductible expenses	(1,392,105)	(1,403,360)	(1,157,932)	(1,204,668)
Aggregate exempted/non taxable income	(9,020)	(4,835)	(159)	(294)
Total assessable income	1,101,993	1,851,920	600,552	1,132,035
Tax effect on business income	434,683	-	434,683	-
Tax exempt income from agro farming	-	271,814	-	271,814
Tax exempt income from foreign interest	159	294	159	294
Taxable income from agro processing	-	574,809	-	574,809
Taxable income from subsidiaries	455,416	710,268	-	-
Tax effect on qualifying relief	-	150	-	150
Tax effect on utilisation of tax losses	(11,575)	-	-	-
Other source of income	223,719	294,585	165,871	284,968
Total assessable income	1,102,402	1,851,920	600,713	1,132,035
Tax exempt income	(159)	(272,108)	(159)	(272,108)
Tax effect on qualifying relief	(250)	(366)	-	(150)
Total taxable income	1,101,993	1,579,446	600,554	859,777
Income tax @ 30%	330,598	473,834	180,166	257,933
Income tax on current year profit	330,598	473,834	180,166	257,933
(Over)/under provision in respect of previous years	(2,015)	(2,197)	(1,765)	143
Tax on dividend income	16,500	27,390	-	-
Tax expense	345,083	499,027	178,401	258,076
Effective tax rate	25%	27%	19%	20%

**(B) Tax Losses**

For the year ended 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
As at 1 April	-	-	-	(25,049)
Due to amalgamation	-	-	-	-
Adjustment for tax loss during the year	-	-	-	(25,049)
Tax loss for the year	-	-	-	-
Loss write off	-	-	-	25,049
Loss set-off during the year	-	-	-	-
	-	-	-	25,049
As at 31 March	-	-	-	-

## 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	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>Amount used as the Numerator</b>				
Profit attributable to ordinary shareholders (Rs. '000)	912,698	1,173,437	667,815	898,978
<b>Amount used as the Denominator</b>				
Weighted average number of ordinary shares ('000)	68,000	68,000	68,000	68,000
Basic earnings per share (Rs.)	13.42	17.26	9.82	13.22

#### (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	
	2024/25	2023/24
First interim dividend Rs.2.60 per share (2023/24-First interim dividend Rs.1/- per share, Second interim dividend Rs.0.25 per share & Third interim dividend Rs.2.50 per share) (Rs. '000)	176,800	255,000
	176,800	255,000
Number of ordinary shares ('000)	68,000	68,000
Dividend per share (Rs.)	2.60	3.75

## 12. RIGHT OF USE ASSETS

	Notes	Group/Company	
		2024/25 Rs. '000	2023/24 Rs. '000
Right-to-use of land	12.1.a	910,880	755,930
Right-of-use asset-Immovable bearer biological assets	12.2.1	4,138	14,079
		915,018	770,009

#### 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 2024 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 amortization of the right to use of land up to 31 March 2025 are as follows:

	Group/Company	
	2024/25 Rs. '000	2023/24 Rs. '000
<b>Capitalised Value</b>		
As at 1 April	884,646	651,445
Adjustment on reassessment of lease liability	200,493	233,201
As at 31 March	1,085,139	884,646
<b>Amortisation</b>		
As at 1 April	128,716	92,719
Amortisation for the year	45,543	35,997
As at 31 March	174,259	128,716
<b>Carrying amount</b>	910,880	755,930

The unexpired period of the lease as at the statement of Financial Position date is 20 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 2025 are as follows;

	Group/Company	
	2024/25 Rs. '000	2023/24 Rs. '000
As at 1 April	52,993	52,993
As at 31 March	52,993	52,993
<b>Amortisation</b>		
As at 1 April	52,993	40,848
Amortisation for the year	-	12,145
As at 31 March	52,993	52,993
<b>Carrying amount</b>	-	-
<b>Total Carrying Amount of Right-of-use asset-land &amp; Building</b>	910,880	755,930

## 12.2 Right-of-use asset-Immovable assets

## 12.2.1. Right-of-use asset-Immovable Bearer Biological Assets

As at 31 March	Mature Plantations		Group/Company	
	Tea Rs. '000	Rubber Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>Capitalised Value</b> (18 June, 1992)	213,541	178,145	391,686	391,686
<b>Amortisation</b>				
As at 1 April	201,916	175,691	377,607	365,024
Amortisation for the year	7,487	2,454	9,941	12,583
As at 31 March	209,403	178,145	387,548	377,607
<b>Carrying amount</b>	4,138	-	4,138	14,079

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.

## 12.2.2. Right-of-use asset-Immovable assets (other than Right-of-use asset land, Building and Bearer Biological Assets)

	Land development Rs. '000	Buildings Rs. '000	Machinery Rs. '000	Group/Company	
				2024/25 Rs. '000	2023/24 Rs. '000
<b>Capitalised Value</b> (18 June, 1992)	3,455	84,600	23,094	111,149	111,149
<b>Amortisation</b>					
As at 1 April	3,455	84,600	23,094	111,149	111,149
Amortisation for the year	-	-	-	-	-
As at 31 March	3,455	84,600	23,094	111,149	111,149
<b>Carrying amount</b>	-	-	-	-	-

### 13. FREEHOLD PROPERTY, PLANT & EQUIPMENT

#### (A) Group

As at 31 March										2024/25	2023/24
	Land	Buildings	Plant & machinery	Hydro power plant	Motor vehicles	Furniture & fittings	Equipment	Computers	Others	Total	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cost</b>											
As at 1 April	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
Additions during the year	28,228	40,899	290,288	-	116,203	16,335	2,376	8,148	-	502,477	441,258
Revaluation of land	46,500	-	-	-	-	-	-	-	-	46,500	-
Disposals/Discard	-	-	-	-	(41,931)	(365)	(151)	(156)	-	(42,603)	(95,955)
Effect of movements in foreign exchange rates	-	-	-	-	113	13	-	-	-	126	-
<b>As at 31 March</b>	<b>822,051</b>	<b>1,246,065</b>	<b>1,842,932</b>	<b>133,017</b>	<b>725,193</b>	<b>251,335</b>	<b>135,863</b>	<b>44,532</b>	<b>39,655</b>	<b>5,240,643</b>	<b>4,734,143</b>
<b>Depreciation</b>											
As at 1 April	-	423,133	815,427	80,707	358,912	154,531	121,560	27,222	33,516	2,015,008	1,856,485
Charge for the year	-	40,856	104,665	4,434	72,038	28,318	5,034	4,509	1,042	260,896	239,915
Disposals/Discard	-	-	-	-	(24,076)	(111)	(151)	(156)	-	(24,494)	(81,392)
Effect of movements in foreign exchange rates	-	-	-	-	401	82	-	-	-	483	-
<b>As at 31 March</b>	<b>-</b>	<b>463,989</b>	<b>920,092</b>	<b>85,141</b>	<b>407,275</b>	<b>182,820</b>	<b>126,443</b>	<b>31,575</b>	<b>34,558</b>	<b>2,251,893</b>	<b>2,015,008</b>
<b>Net book value</b>	<b>822,051</b>	<b>782,076</b>	<b>922,840</b>	<b>47,876</b>	<b>317,918</b>	<b>68,515</b>	<b>9,420</b>	<b>12,957</b>	<b>5,097</b>	<b>2,988,750</b>	<b>2,719,135</b>
Work-in-Progress (a)										138,712	87,500
<b>Carrying amount</b>										<b>3,127,462</b>	<b>2,806,635</b>

#### (a) Work-in-Progress

	Group			Company				
	Balance as at 01.04.2024	Additions for the year	Transfers/ Disposals	Balance as at 31.03.2025	Balance as at 01.04.2024	Additions for the year	Transfers/ Disposals	Balance as at 31.03.2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	87,500	129,458	(78,246)	138,712	77,506	128,556	(146,621)	59,441

## 13. FREEHOLD PROPERTY, PLANT &amp; EQUIPMENT (CONTD.)

## (B) Company

As at 31 March								2024/25	2023/24
	Buildings	Plant & machinery	Motor vehicles	Furniture & fittings	Equipment	Computers	Others	Total	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cost</b>									
As at 1 April	850,232	891,972	534,821	10,581	123,671	35,249	39,655	2,486,181	2,379,908
Additions during the year	-	106,837	83,509	-	498	7,298	-	198,142	123,815
Disposals/Discard	-	-	(26,570)	-	-	(156)	-	(26,726)	(17,542)
As at 31 March	850,232	998,809	591,760	10,581	124,169	42,391	39,655	2,657,597	2,486,181
<b>Depreciation</b>									
As at 1 April	350,220	584,849	317,895	7,600	114,113	26,126	33,517	1,434,320	1,320,671
Charge for the year	23,658	50,465	55,387	465	3,550	4,448	1,041	139,014	129,190
Disposals/Discard	-	-	(12,114)	-	-	(156)	-	(12,270)	(15,542)
As at 31 March	373,878	635,314	361,168	8,065	117,663	30,418	34,558	1,561,064	1,434,319
Net book value	476,354	363,495	230,592	2,516	6,506	11,973	5,097	1,096,533	1,051,862
Work-in-Progress								59,441	77,506
Carrying amount								1,155,974	1,129,368

- (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,

As at 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Computers	22,109	18,374	21,988	18,253
Equipment	181,877	172,616	110,355	109,150
Furniture & fittings	13,010	43,649	6,018	5,889
Motor vehicles	254,346	263,787	247,334	255,903
Mature plantations	247,811	196,171	247,811	196,171
Plant & machinery	272,167	240,913	272,167	240,913
Intangible assets	5,598	5,598	-	-
Others	20,379	18,318	20,379	18,318
	1,017,297	959,426	926,052	844,597

## (C) Unexpired lease periods of land:

Kelani Valley Plantations PLC	20 years
Kalupahana Power Company (Pvt) Ltd.	20 years

## 14. BIOLOGICAL ASSETS

### 14.1 Improvements to Leasehold Property (Bearer Biological Assets)

									Group/Company	
	Immature Plantations				Mature Plantations				2024/25 Rs. '000	2023/24 Rs. '000
	Tea Rs. '000	Rubber Rs. '000	Other Rs. '000	Total Rs. '000	Tea Rs. '000	Rubber Rs. '000	Other Rs. '000	Total Rs. '000		
<b>Cost</b>										
As at 1 April	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
Additions during the year	-	161,824	281,342	443,166	-	-	-	-	443,166	222,210
Transfers (from)/to	-	(150,814)	(12,989)	(163,803)	-	150,814	12,989	163,803	-	-
Inter crop transfers	-	-	-	-	-	-	-	-	-	(24,235)
<b>As at 31 March</b>	<b>131,551</b>	<b>522,923</b>	<b>635,396</b>	<b>1,289,870</b>	<b>1,149,942</b>	<b>3,403,549</b>	<b>271,197</b>	<b>4,824,688</b>	<b>6,114,558</b>	<b>5,671,392</b>
<b>Depreciation</b>										
As at 1 April	-	-	-	-	480,298	1,169,370	29,875	1,679,543	1,679,543	1,487,972
Charge for the year	-	-	-	-	36,969	152,203	12,912	202,084	202,084	191,571
As at 31 March	-	-	-	-	517,267	1,321,573	42,787	1,881,627	1,881,627	1,679,543
<b>Carrying amount</b>	<b>131,551</b>	<b>522,923</b>	<b>635,396</b>	<b>1,289,868</b>	<b>632,675</b>	<b>2,081,976</b>	<b>228,410</b>	<b>2,943,061</b>	<b>4,232,931</b>	<b>3,991,849</b>

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 capitalized borrowings cost on specific borrowing only. However, borrowing costs were not capitalised during the year under Immature Plantations (2023/24 - Nil).

The addition of Rs. 443 m (2023/24 - Rs. 222 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.

As at 31 March	Group/Company			
	2024/25		2023/24	
	Extent - ha	Rs. '000	Extent - ha	Rs. '000
Uprooting				
	Tea	-	-	-
	Rubber	19	15,316	-
Planting				
	Tea	-	-	-
	Rubber	45	47,657	66
		64	62,973	66

## 14.2 Biological Assets (Consumable)

	Group/Company			
	Immature Rs. '000	Mature Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
As at 1 April	23,287	247,897	271,184	237,603
Additions during the year	8,697	-	8,697	24,234
Gain of change in fair value less cost to sell	-	72,977	72,977	9,347
As at 31 March	31,984	320,874	352,858	271,184

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 DCF Analysis Method under Income 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	
		2024/25 Rs. '000	2023/24 Rs. '000
Change in fair value of consumable biological assets	14.2	72,977	9,347
Change in fair value of produce on bearer biological assets	17.1	2,502	(5,942)
		75,479	3,405

## 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
	2024/25	2023/24		2024/25	2023/24	
Consumable managed biological assets	DCF Analysis Method under Income Approach	Market Approach	Discounting Rate	13.50%	15.00%	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 - 530 cu.ft	23 - 120 cu.ft	The higher the volume, the higher the fair value
			Price (per cu.ft)	Rs. 67/- to Rs. 4,020/-	Rs.85/- to Rs.5,250/-	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 rationale investor, i.e. 13.5%.
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.

### 14.2 Consumable Biological Assets - Managed Trees Continued

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,

#### 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:

Managed Timber	Managed Timber	
	Rs. '000 -10%	Rs. '000 +10%
As at 31 March, 2025	(31,993)	31,993
As at 31 March, 2024	(37,990)	37,990

##### 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% of the estimated future discount rate has the following effect on the net present value of biological assets:

	Rs. '000 -1%	Rs. '000 +1%
	As at 31 March, 2025	3,620
As at 31 March, 2024	161	(152)

No biological assets have been pledged as securities for the year ended 31 March 2025 (2023/24 - 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		Company Value Rs. '000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	Kalupahana Power Company (Pvt) Ltd.	60	60	1,800,000	1,800,000	18,000
Mabroc Teas (Pvt) Ltd.	100	100	11,000,000	11,000,000	760,000	760,000
Kelani Valley Resorts (Pvt) Ltd.	100	100	5,000,000	5,000,000	50,000	50,000
Carrying amount					828,000	828,000

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 Polska 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. specializes 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	
			2024/25 Value Rs '000	2023/24 Value Rs '000
As at 31 March,	24.0%	564	139,858	-
Investment			-	131,721
Profit for the year			7,181	8,137
Carrying amount as at 31 March			147,039	139,858

## 15.3 Financial Asset

## Martin Bauer Hayleys (Pvt) Ltd.

## Group - Fair Value Through Other Comprehensive Financial Asset

	Holding %	No of Shares	Group	
			2024/25 Value Rs '000	2023/24 Value Rs '000
As at 31 March 2024	10.1%	39,091,550	423,225	396,970
Gain/(loss) on FVTOCI financial asset			12,433	26,255
As at 31 March 2025	10.1%	39,091,550	435,658	423,225

## Company - Fair Value Through Profit or Loss Financial Asset

	Holding %	No of Shares	Company	
			2024/25 Value Rs '000	2023/24 Value Rs '000
<b>As at 31 March 2024</b>	10.1%	39,091,550	423,225	396,970
Gain/(loss) on FVTPL financial asset			12,433	26,255
<b>As at 31 March 2025</b>	10.1%	39,091,550	435,658	423,225

	As at 31 March 2025 Value Rs.	As at 31 March 2024 Value Rs.
Fair Value of a share	11.14	10.83

## 15.3.1 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs	
			2024/25	2023/24
Financial Asset (Investment in shares of Martin Bauer Hayleys (Pvt) Ltd).	DCF	Discounting rate	14%	15%
		Growth rate	1%	2.0%
		Exchange rate USD	LKR 305.00	LKR 305.00

## 15.3.2 Sensitivity Analysis - Based on Discounting Rate

Discount Rate	Rs. '000	Rs. '000
	-1%	+1%
2024/25	37,608	(31,843)
2023/24	61,438	(3,909)

Growth Rate	Rs. '000	Rs. '000
	-1%	+1%
2024/25	(19,488)	22,687
2023/24	(7,762)	47,856

## 16. INTANGIBLE ASSETS

Cost	Group			
	Goodwill	Computer Software	2024/25	2023/24
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April	33,310	15,822	49,132	49,132
Addition during the year	-	1,169	1,169	
As at 31 March	33,310	16,991	50,301	49,132
<b>Amortisation and impairment</b>				
As at 1 April	-	12,755	12,755	10,459
Amortisation for the year	-	2,200	2,200	2,296
As at 31 March	-	14,956	14,956	12,755
<b>Carrying amount</b>	<b>33,310</b>	<b>2,035</b>	<b>35,346</b>	<b>36,377</b>

**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%. (2023/24 - 13%)

**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%. (2023/24 - 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	
	2024/25 Rs. '000	2023/24 Rs. '000
As at 1 April	22,718	28,660
Change in fair value less cost to sell	2,502	(5,942)
	25,220	22,718

Level 2 inputs were used when arriving above figures.

### 17.2 Inventories

As at 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Input materials	164,595	386,662	164,595	386,662
Nurseries	27,882	33,910	27,882	33,910
Harvested crop	844,993	690,770	844,993	690,770
Bulk tea & raw materials	685,247	839,772	-	-
Finished goods	39,407	43,742	10,789	11,495
Goods-in-transit	33,591	32,088	-	-
Spares and consumables	112,613	50,960	90,708	31,530
	1,908,328	2,077,904	1,138,967	1,154,367
Provision for obsolete inventories	(45,552)	(38,785)	(33,730)	(26,035)
	1,862,776	2,039,119	1,105,237	1,128,332

The carrying amount of inventories pledged as securities for bank facilities obtained amounted to Rs. 845 m (2023/24 - Rs. 691 m) and Rs. 884 m (2023/24 - Rs.722 m) by the Company & the Group respectively .

## 18. TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Trade receivables	2,130,168	1,836,767	168,936	202,258
Lease rent paid in advance	39,429	32,750	39,429	32,750
Employee advances and receivables	83,866	77,554	83,866	77,554
WHT recoverable	-	3,277	-	3,277
Dividend receivables	10,194	-	103,694	61,710
Advances and receivables	402,531	460,909	224,146	379,383
	2,666,188	2,411,257	620,071	756,932
Provision for impairment in trade and other receivables	(3,823)	(3,638)	(3,738)	(3,461)
	2,662,365	2,407,619	616,333	753,471

## 18.1 Movement in the provision for trade and other receivables

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>As at 31 March</b>				
<b>As at 1 April,</b>	(3,638)	(4,195)	(3,461)	(4,168)
Charge for the period	(5,657)	(3,752)	(5,749)	(3,602)
Reverse during the period	5,472	4,309	5,472	4,309
<b>As at 31 March</b>	<b>(3,823)</b>	<b>(3,638)</b>	<b>(3,738)</b>	<b>(3,461)</b>

## 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
<b>As at 31 March 2025</b>						
Company	168,936	162,102	5,583	-	1,251	-
Group	2,130,168	1,938,865	173,612	16,355	1,336	-

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. 169 m (2023/24 - Rs. 202 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 2025 are disclosed below.

The funds borrowed by the Company and the Group are given in Note 22 and 30.

	Group		Company	
	Interest - Bearing Borrowings Rs.'000	Other Borrowings Rs.'000	Interest - Bearing Borrowings Rs.'000	Other Borrowings Rs.'000
<b>As at 01 April 2024</b>	1,493,348	8,270	3,375	8,270
Cash in flows from financing activities	6,648,985	-	350,000	-
Cash out flows from financing activities	(6,526,421)	-	(353,375)	-
<b>As at 31 March 2025</b>	<b>1,615,912</b>	<b>8,270</b>	<b>-</b>	<b>8,270</b>

## 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>20.1 Short term Investment</b>				
Short term fixed deposits	1,386,129	355,677	700,000	5,000
Treasury bills	700,000	1,172,950	700,000	1,172,950
Investment in money fund	237,873	201,320	237,873	201,320
	2,324,002	1,729,947	1,637,873	1,379,270
<b>20.2 Favorable balances</b>				
Cash in hand	1,169	2,397	494	589
Cash at bank	295,127	345,394	63,086	97,015
	296,296	347,791	63,580	97,604
<b>20.3 Unfavourable balances</b>				
Bank overdraft	(1)	(233)	-	-
	(1)	(233)	-	-

Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group/Company. 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.

## 21. STATED CAPITAL

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>Issued &amp; fully paid-ordinary shares</b>				
68,000,000 (2023/24 - 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	NDB	2024/25	2023/24
	Rs. '000	Rs. '000	Total Rs. '000	Total Rs. '000
<b>As at 1 April</b>	112,687	3,375	116,062	127,554
Obtained during the year	-	-	-	150,250
Effect of movement in exchange rates	(1,207)	-	(1,207)	-
Repayments during the year	(49,657)	(3,375)	(53,032)	(161,742)
<b>As at 31 March</b>	61,823	-	61,823	116,062
<b>Payable within one year</b>	(49,458)	-	(49,458)	(53,458)
(Transferred to current liabilities)				
<b>Payable after one year</b>	12,365	-	12,365	62,604
<b>Analysis of long term borrowings by year of repayment</b>				
Repayable within one year from year-end	49,458	-	49,458	53,458
Repayable between 2 and 5 years from year-end	12,365	-	12,365	62,604
	61,823	-	61,823	116,062

Company	NDB	2024/25	2023/24
	Rs. '000	Total Rs. '000	Total Rs. '000
<b>As at 1 April</b>	3,375	3,375	7,875
Obtained during the year	-	-	-
Repayments during the year	(3,375)	(3,375)	(4,500)
<b>As at 31 March</b>	-	-	3,375
<b>Payable within one year</b>	-	-	(3,375)
(Transferred to current liabilities)			
<b>Payable after one year</b>	-	-	-
<b>Analysis of long term borrowings by year of repayment</b>			
Repayable within one year from year-end	-	-	3,375
Repayable between 2 and 5 years from year-end	-	-	-
	-	-	3,375

## Long-Term Interest Bearing Borrowings - Lender Analysis

### Company

#### 22.1.1 National Development Bank

As at 31 March	Loan outstanding		Rate of interest per annum	Monthly installment Rs.	Terms of repayments
	2024/25 Rs. '000	2023/24 Rs. '000			
Term loan 2	-	2,728	6.30%	303,125/-	72 monthly installments commenced on 19.01.2019
Term loan 3	-	647	6.30%	71,875/-	72 monthly installments commenced on 19.01.2019
<b>NDB - Total</b>	-	3,375			
<b>Company - Total</b>	-	3,375			

#### 22.1.2 Subsidiary - Mabroc Teas (Pvt) Ltd.

### Lender

As at 31 March	Loan outstanding		Rate of interest per annum	Monthly installment Rs.	Terms of repayments
	2024/25 Rs. '000	2023/24 Rs. '000			
<b>Hongkong &amp; Shanghai Banking Corporation Ltd.</b>					
Term loan	61,823	112,687	9.48%	4,174,000/-	36 monthly installments commenced on 05.07.2023
<b>HSBC - Total</b>	61,823	112,687			
<b>Mabroc Teas (Pvt) Ltd. - Total</b>	61,823	112,687			
<b>Group Total</b>	61,823	116,062			

## 22.2 Short-term Interest Bearing Borrowings

### Subsidiary - Mabroc Teas (Pvt) Ltd.

As at 31 March	Lender	Currency	2024/25	2023/24
			Rs. '000	Rs. '000
	Sampath Bank PLC	USD	224,046	300,500
	Hongkong & Shanghai Banking Corporation Ltd.	USD	580,345	535,306
	Standard Chartered Bank (Sri Lanka) Ltd.	USD	-	79,800
	Citi Bank N. A.	USD	393,194	105,175
<b>Total</b>			1,197,585	1,020,781
<b>Group Total</b>			1,197,585	1,020,781

The securities pledged for these facilities have been disclosed in Note 30 to the Financial Statements.

**23. DEFERRED INCOME**

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>Grants and Subsidies</b>				
<b>Capital Grants</b>				
As at 1 April	1,023,415	987,691	1,023,415	987,691
Grants received during the year	10,993	35,724	10,993	35,724
As at 31 March	1,034,408	1,023,415	1,034,408	1,023,415
<b>Amortisation</b>				
As at 1 April	367,924	334,425	367,924	334,425
Amortisation for the year	45,394	33,499	45,394	33,499
<b>As at 31 March</b>	<b>413,318</b>	<b>367,924</b>	<b>413,318</b>	<b>367,924</b>
<b>Carrying amount</b>	<b>621,090</b>	<b>655,491</b>	<b>621,090</b>	<b>655,491</b>

Grants were received from the Plantation Reform Project (PRP), Plantation Human Development Trust, Ministry of Community Development, Asian Development Bank, 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 & Equipment. Corresponding grant component is reflected under deferred grants and subsidies and amortised over the useful life span of the asset.

**24. DEFERRED TAXATION**

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>As at 31 March</b>				
Deferred tax assets	1,293	2,278	-	-
Deferred tax liabilities	1,181,062	1,102,838	1,075,955	1,022,010
Net deferred tax liabilities	1,179,769	1,100,560	1,075,955	1,022,010

## 24.1 Statement of Financial Position

As at 31 March	Group			
	2024/25		2023/24	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
As at 1 April	3,680,956	1,102,838	3,307,059	992,118
Deferred tax assets	(3,281)	(984)	3,523	1,057
Amount originating during the year	259,194	79,208	370,374	109,653
Effect of movements in exchange rates	-	228	-	10
<b>As at 31 March</b>	<b>3,936,870</b>	<b>1,181,062</b>	<b>3,680,956</b>	<b>1,102,838</b>
<b>Deferred Tax Liabilities</b>				
Temporary difference of right-of-use assets	915,017	274,505	770,010	231,003
Temporary difference of property, plant and equipment (including mature and immature plantation)	5,441,398	1,632,419	5,086,116	1,525,835
Temporary difference of biological assets	345,146	103,544	246,950	74,085
Temporary difference of financial assets	435,658	130,697	423,225	126,968
<b>As at 31 March</b>	<b>7,137,219</b>	<b>2,141,165</b>	<b>6,526,301</b>	<b>1,957,891</b>
<b>Deferred Tax Assets</b>				
Temporary difference of retirement benefit obligations	(1,440,061)	(432,018)	(1,263,549)	(379,065)
Temporary difference of lease liabilities	(1,053,477)	(316,043)	(863,136)	(258,941)
Temporary difference of grant received	(621,090)	(186,327)	(655,491)	(196,647)
Temporary difference of provision for impairment of subsidiary	(1,310)	(393)	-	-
Temporary difference of provision for bad debts	(3,808)	(1,142)	(3,638)	(1,091)
Temporary difference of impairment for inventories	(45,552)	(13,666)	(35,042)	(10,512)
intangible assets	-	-	(5,269)	(3,031)
Temporary difference of unrealised foreign exchange loss	(35,052)	(10,516)	(7,563)	(2,269)
Temporary difference of tax losses	-	-	(11,657)	(3,497)
<b>As at 31 March</b>	<b>(3,200,350)</b>	<b>(960,105)</b>	<b>(2,845,345)</b>	<b>(855,053)</b>
Net deferred tax liability as at 31 March	3,936,870	1,181,062	3,680,956	1,102,838

## 24. DEFERRED TAX LIABILITY / (ASSETS) (CONTD.)

	Company			
	2024/25		2023/24	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
<b>As at 1 April</b>	3,406,999	1,022,010	3,067,899	920,369
Amount originating during the year	179,518	53,945	338,800	101,641
<b>As at 31 March</b>	3,586,517	1,075,955	3,406,999	1,022,010
<b>Deferred Tax Liability</b>				
Temporary difference of right-of-use asset	915,017	274,505	770,010	231,003
Temporary difference of property, plant and equipment (including mature and immature plantations)	4,966,646	1,489,994	4,712,429	1,413,729
Temporary difference of biological assets	345,146	103,544	246,950	74,085
Temporary difference of fair value gain on FVTPL Financial assets	435,658	130,697	423,225	126,968
As at 31 March	6,662,467	1,998,740	6,152,614	1,845,785
<b>Deferred Tax Assets</b>				
Temporary difference of retirement benefit obligations	(1,358,767)	(407,630)	(1,192,959)	(357,888)
Temporary difference of lease liability	(1,053,477)	(316,043)	(863,136)	(258,941)
Temporary difference of grant received	(621,090)	(186,327)	(655,491)	(196,647)
Temporary difference of provision for bad debts	(3,738)	(1,121)	(3,461)	(1,039)
Temporary difference of impairment for inventories	(33,730)	(10,119)	(26,035)	(7,810)
Temporary difference of unrealised foreign exchange gain/loss	(5,149)	(1,545)	(4,833)	(1,450)
<b>As at 31 March</b>	(3,075,951)	(922,785)	(2,745,915)	(823,775)
<b>Net deferred tax liability as at 31 March</b>	3,586,517	1,075,955	3,406,699	1,022,010

## 24.2 Statement of Profit or Loss

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
	<b>As at 1 April</b>	1,100,560	990,897	1,022,010
Tax charge recognised in profit or loss	93,901	167,582	82,361	158,917
Tax charge/ (reversal) recognised in comprehensive income	(14,693)	(57,929)	(28,416)	(57,276)
Effect of movements in exchange rates	-	10	-	-
<b>As at 31 March</b>	1,179,768	1,100,560	1,075,955	1,022,010

The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March, 2025 is 30% (2023/24 - 30%) for the Company.

## 25. RETIREMENT BENEFIT OBLIGATIONS

### Movement in the Retirement Benefit Obligations

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
As at 1 April	1,263,546	1,077,144	1,192,959	1,021,131
Current service cost	90,851	71,335	84,485	65,657
Interest cost	149,974	204,055	141,503	194,235
Charged to profit or loss	240,825	275,390	225,988	259,892
Actuarial (gain) / loss due to changes in financial assumptions	29,446	170,970	29,389	168,928
Actuarial (gain) / loss due to changes in experience	66,030	22,127	65,331	21,991
Charged to statement of comprehensive income	95,476	193,097	94,720	190,919
Benefit paid by the plan	(159,789)	(282,085)	(154,900)	(278,983)
As at 31 March	1,440,058	1,263,546	1,358,767	1,192,959

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 require 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 2025 the actuarial present value of promised retirement benefits amounted to Rs. 1,440,057,576/- (2023/24 - Rs.1,263,545,621/-). 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. 1,395,806,891/- (2023/24 - Rs.1,326,301,839/-).

The following payments are the expected from the defined benefit plan obligations in future years.

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
Within the next 12 months	284,933	279,424	277,059	272,513
Between 2 to 5 years	526,457	489,954	501,774	470,138
Between 5 to 10 years	372,363	300,812	343,312	280,007
More than 10 years	256,305	193,356	236,622	170,301
	1,440,058	1,263,546	1,358,767	1,192,959

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.

**25. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)**

The key assumptions used by Messers. Actuarial & Management Consultants (Pvt) Ltd. include the following.

	2024/25	2023/24
(i) Discount rate	10%	12%
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	9% (Per annum)	10% (Per annum)
Staff	10% (Per annum)	11% (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 sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

	Group	
	Rs. '000	Rs. '000
<b>A one percentage point change in the discount rate.</b>	<b>+1%</b>	<b>-1%</b>
<b>As at 31 March 2025</b>	(70,064)	77,600
As at 31 March 2024	(38,579)	77,149

<b>A one percentage point change in the salary / wage increment rate.</b>	<b>+1%</b>	<b>-1%</b>
<b>As at 31 March 2025</b>	72,266	(66,434)
As at 31 March 2024	72,930	(35,587)

	Company	
	Rs. '000	Rs. '000
<b>A one percentage point change in the discount rate.</b>	<b>+1%</b>	<b>-1%</b>
<b>As at 31 March 2025</b>	(64,581)	71,417
As at 31 March 2024	(33,662)	71,592
<b>A one percentage point change in the salary / wage increment rate.</b>	<b>+1%</b>	<b>-1%</b>
<b>As at 31 March 2025</b>	65,715	(60,536)
As at 31 March 2024	67,055	(30,311)

## 26. LEASE LIABILITY

As at 31 March	Notes	Group/Company	
		2024/25 Rs. '000	2023/24 Rs. '000
Lease liability on Right-of-Use asset- Land	26.1	1,053,476	863,136
		1,053,476	863,136

### 26.1 Lease liability on Right-of-Use asset- Land

	Group/Company	
	2024/25 Rs. '000	2023/24 Rs. '000
<b>Balance at the beginning of the year</b>	863,136	637,162
Reassessment adjustment as at 01 April	200,492	233,201
Accretion of interest	148,908	121,851
Repayment during the year	(159,060)	(129,078)
<b>Balance as at end of the year</b>	1,053,476	863,136

### 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,

	Group/Company	
	2024/25 Rs. '000	2023/24 Rs. '000
<b>Payable within one year</b>		
Gross liability	159,060	129,078
Finance cost allocated to future periods	(147,487)	(120,839)
Net liability transferred to current liabilities	11,573	8,239
<b>Payable within two to five years</b>		
Gross liability	636,241	516,310
Finance cost allocated to future periods	(571,312)	(470,091)
Net liability	64,929	46,219
<b>Payable after five years</b>		
Gross liability	2,385,903	2,065,240
Finance cost allocated to future periods	(1,408,928)	(1,256,562)
Net liability	976,975	808,678
Net liability payable after one year	1,041,904	854,897

**26. LIABILITY TO MAKE LEASE PAYMENT (CONTD.)****26.1.1 Maturity analysis of lease liability as follows, (Contd.)**

The base rental payable per year Rs. 159,060,181/-.

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 2025 as follows:

	2024/25 Rs.'000	2023/24 Rs.'000
Gross liability	(3,340,264)	(2,839,706)
Finance charge	2,276,635	1,969,343
Net liability	(1,063,629)	(870,363)

Maturity analysis of gross lease liability are shown under Note. 36.3.

**26.2 Lease liability on Right-of-Use asset- Building**

	Group/Company	
	2024/25 Rs. '000	2023/24 Rs. '000
Balance at the beginning of the year	-	14,673
Reassessment adjustment as at 01 October 2022	-	-
Accretion of interest		1,012
Payments during the year		(15,685)
<b>Balance as at end of the year</b>	-	-

The base rental payable per year Rs. 15,489,262/-.

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 2025 as follows:

	2024/25 Rs.'000	2023/24 Rs.'000
Gross liability	-	15,685
Finance charge	-	(1,012)
Net liability	-	14,673

Maturity analysis of Gross lease liability are shown under Note 36.3.

**26.3 Lease Liability**

Current liability	11,573	8,239
Non-current liability	1,041,904	854,897
<b>Total lease liability as at 31 March 2025</b>	<b>1,053,477</b>	<b>863,136</b>

## 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>As at 31 March</b>				
Trade payables	420,803	309,946	117,545	51,700
Staff payables	455,927	357,127	455,927	357,127
Unclaimed dividends	30,367	22,824	30,367	22,824
Dividend Payable	160,392	172,460	160,392	172,460
Accruals and advance received from debtors	316,337	298,362	241,814	149,414
Sundry payables	695,394	596,433	615,614	544,779
	2,079,220	1,757,152	1,621,659	1,298,304

## 28. INCOME TAX

	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>28.1 Income Tax Payable</b>				
As at 1 April	262,652	207,087	188,081	154,158
Subsidiaries/parent taxation on current year's profit	330,598	473,834	180,166	257,933
(Over)/under provision in respect of previous years	(2,015)	(2,197)	(1,765)	143
Cash paid during the year	(485,950)	(411,208)	(304,427)	(219,132)
ESC,WHT,ACT set-off against income tax	(6,194)	(5,533)	(5,595)	(5,021)
Effect of movements in exchange rates	39	669	-	-
<b>As at 31 March</b>	99,130	262,652	56,460	188,081

## 29. RELATED COMPANY BALANCES

## 29.1 Other related companies

As at 31 March	Group			
	2024/25		2023/24	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
<b>Ultimate parent company</b>				
Hayleys PLC	109	37,900	171	39,886
<b>Intermediate parent</b>				
Dipped Products PLC	11,538	428	3,196	4,420
<b>Parent Company</b>				
DPL Plantations (Pvt) Ltd.	-	-	-	-
<b>Other related companies</b>				
DPL Premier Gloves (Pvt) Ltd.	-	-	14,200	-
Martin Bauer Hayleys (Pvt) Ltd.	14,994	21,068	16,105	80
Hanwella Rubber Products Ltd.	-	1,052	-	5,314
Hayleys Hotel Management Services (Pvt) Ltd.	-	-	319	-
Hayleys Agriculture Holdings Ltd.	-	9,826	-	2,240
Hayleys Agro Fertilizers (Pvt) Ltd.	-	4,077	-	6,824
Hayleys Aviation & Projects (Pvt) Ltd.	-	-	-	4,800
Uni Dil Packaging Solution (Pvt) Ltd.	-	3,472	-	-
Uni Dil Packaging Ltd.	-	2,592	-	-
Colombo Cargo Express (Pvt) Ltd.	-	-	42	-
Advantis Freight (Pvt) Ltd.	-	106	-	-
Talawakelle Tea Estates PLC	2,371	5,413	2,203	4,544
Horana Plantations PLC	2,147	8	1,119	511
Hayleys Consumer Products Ltd.	60,840	9,068	66,412	3,015
Amaya Leisure PLC	-	3,689	-	-
Hayleys Lesiure PLC	-	-	-	5,417
CMA CGM Lanka Ltd.	-	-	33	-
Culture Club Resorts (Pvt) Ltd.	357	-	179	-
The Kingsbury PLC	385	797	1,180	-
Amaya Beach Hotel	28	-	-	-
Rileys (Pvt) Ltd.	-	-	22	-
Sun Tan Beach Resorts Ltd.	184	-	308	-
IML Delivery Service (Pvt) Ltd.	-	-	37	-
Singer (Sri Lanka) PLC	-	756	3,846	-
Hayleys Business Solutions International (Pvt) Ltd.	-	1,191	-	1,114
Hayleys Fentons Limited.	549	5,171	957	44,222
Kandyan Resorts (Pvt) Ltd.	-	-	322	-
Alumex PLC	-	-	113	-
Advantis Frieght (Pvt) Ltd.	51	-	-	750
Hayleys Travels (Pvt) Ltd.	-	2,490	-	35
S & T Interiors (Pvt) Ltd.	-	-	744	-
Toyo Cushion Lanka (Pvt) Ltd.	-	-	3,947	-
Singer Sri Lanka PLC	1,322	-	-	-
Bonterra Limited	-	-	9	-
Hayleys Aventura (Pvt) Ltd.	153	157	47	42
Advantis Project & Engineering (Pvt) Ltd.	-	970	-	1,920

As at 31 March	Group			
	2024/25		2023/24	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
Hayleys Fabric PLC	-	-	14	-
Ceva Logistics Lanka (Pvt) Ltd.	-	-	-	751
Expelogix (Pvt) Ltd.	-	-	-	2,498
Logiwiz Ltd.	4,703	-	1,106	-
S & T Interiors (Pvt) Ltd.	357	-	-	-
Advantis Express (Pvt) Ltd.	-	1,088	22	433
Clarion Shipping (Pvt) Ltd.	-	-	-	135
Eco Power Co.(Pvt)Ltd.	-	-	-	1,390
Haycolour (Pvt) Ltd.	260	-	-	-
Lanka Tiles PLC	2,478	-	-	-
Rocell Bathware Limited.	94	-	-	-
Cosco Shipping Lines Lanka (Pvt) Ltd.	-	116	-	-
<b>Total</b>	<b>102,920</b>	<b>111,435</b>	<b>116,653</b>	<b>130,341</b>

Subsidiaries	Company			
	2024/25		2023/24	
	Receivable Rs. '000	Payable Rs. '000	Receivable Rs. '000	Payable Rs. '000
Kalupahana Power Co. (Pvt) Ltd.	689	-	2,072	-
Mabroc Teas (Pvt) Ltd.	400,000	-	-	208
Kelani Valley Resorts (Pvt) Ltd.	-	-	21,153	-
	400,689	-	23,225	208
<b>Ultimate parent company</b>				
Hayleys PLC	-	19,223	-	24,828
<b>Intermediary ultimate parent</b>				
Dipped Products PLC	11,538	428	3,196	4,420
<b>Other related companies</b>				
DPL Premier Gloves (Pvt) Ltd.	-	-	14,200	-
Martin Bauer Hayleys (Pvt) Ltd.	14,669	184	15,341	80
Hanwella Rubber Products Ltd.	-	1,052	-	5,314
Hayleys Bussines Solutions Ltd.	-	708	-	743
Hayleys Agriculture Holdings Ltd.	-	9,777	-	2,167
Hayleys Agro Fertilizers (Pvt) Ltd.	-	4,077	-	6,824
Talawakelle Tea Estates PLC.	2,371	5,413	2,203	4,544
Hayleys Travels (Pvt) Ltd.	-	2,472	-	-
Toyo Cushion Lanka (Pvt) Ltd.	-	-	3,930	-
Hayleys Consumer Products Ltd.	737	21	91	-
Advantis Project & Engineering (Pvt) Ltd.	-	30	-	72
Singer Sri Lanka PLC	194	-	-	-
Horana Plantations PLC	2,147	8	1,119	511
Hayleys Fentons Limited	-	4,469	-	44,222
<b>Total</b>	<b>31,656</b>	<b>47,862</b>	<b>40,080</b>	<b>93,725</b>

**30. ASSETS PLEDGED AS SECURITY**

Following assets have been pledged as security for liabilities:

**Company**

Nature of liability	2024/25		Security
	Facility (Rs. m)	Outstanding (Rs. m)	
<b>Overdraft</b>			
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.

**Subsidiary****Mabroc Teas (Pvt) Ltd.**

Short-term borrowings (Foreign currency loans)	2024/25		Security
	Facility (USD m)	Outstanding (Rs. m)	
Sampath Bank PLC	2.00	224	Hypothecation bond totaling USD 2m and Rs. 210m 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	
			2024/25 Rs. '000	2023/24 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	(177,812)	(211,535)
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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	2024/25 Rs. '000	2023/24 Rs. '000
Directors' emoluments	172,139	143,157

#### (C) Transactions with Subsidiaries

Company	Relationship	Nature of Transaction	Amount (paid)/received	
			2024/25 Rs. '000	2023/24 Rs. '000
(i) Kalupahana Power Co. (Pvt) Ltd.	Subsidiary	Share of revenue Reimbursement of expenses	1,259	3,114
(ii) Mabroc Teas (Pvt) Ltd.	Subsidiary	Purchase of tea	(5,220)	(7,627)

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.

## 31. RELATED PARTY DISCLOSURES (CONTD.)

## (D) Transactions with other related Companies

Company	Relationship	Nature of transaction	Amount (paid)/received	
			2024/25 Rs. '000	2023/24 Rs. '000
(i) Dipped Products PLC	Intermediate parent	Sale of latex	174,704	135,819
		Purchase of skim crepe	(21,027)	(10,620)
		Cost of facilities and related services rendered	-	-
(ii) Hanwella Rubber Products Ltd.	Affiliates	Purchase of skim crepe	(24,321)	(6,483)
(iii) DPL Premier Gloves (Pvt) Ltd.	Affiliates	Sale of latex	43,651	45,860
(iv) Hayleys Agro Fertilisers (Pvt) Ltd.	Affiliates	Purchase of fertilizers	(128,182)	(132,663)
(v) Hayleys Agriculture Holdings Ltd.	Affiliates	Purchase of chemicals	(9,943)	(15,659)
(vi) Rileys (Pvt) Ltd.	Affiliates	Sale of rubber products	4,175	2,470
(vii) Hayleys Consumer Products Ltd.	Affiliates	Payment for rent	(115)	(132)
		Sale of cinnamon and cloves	664	-
(viii) Talawakelle Tea Estates PLC	Affiliates	Payment of expences	(8,005)	(6,234)
(ix) Hayleys Business Solutions International (Pvt) Ltd.	Affiliates	Payment of executive payroll processing	(6,459)	(32,948)
(x) Fentons Ltd.	Affiliates	Solar system installation	(31,040)	38,402
(xi) The Kingsbury PLC	Affiliates	Services rendered for AGM and others	(3,142)	(297)
(xii) Logiwiz Ltd.	Affiliates	Storage & handling charges	(1,064)	(821)
(xiii) Hayleys Aventura (Pvt) Ltd.	Affiliates	Payment of repairs	(2,188)	(961)
(xiv) Horana Plantations PLC	Affiliates	Reimbursement of expenses	(571)	4,730
(xv) Toyo Cusion Lanka (Pvt) Ltd.	Affiliates	Sale of latex	37,174	17,258
(xvi) Singer Sri Lanka PLC	Affiliates	Purchase of electronic items	(334)	(448)
(xvii) Royal CeramicS Lanka PLC	Affiliates	Purchase of equipments	(11,425)	(1,817)
(xviii) Advantis Frieght (Pvt) Ltd.	Affiliates	Storage & handling charges	(585)	(232)
(xix) Hayleys Travels (Pvt) Ltd.	Affiliates	Cost of air fair	(8,060)	(7,111)
(xx) Energynet (Pvt) Ltd.	Affiliates	Payment of equipments	-	(717)
(xxi) Puritas (Pvt) Ltd.	Affiliates	Payment for maintainence	(1,406)	(112)
(xxii) DPL Universal Gloves Ltd.	Affiliates	Sale of latex	-	11,072
(xxiii) Uni Dil Packaging Ltd.	Affiliates	Payment for corrugated cartoons	(603)	-
(xxiv) Haycolour (Pvt) Ltd.	Affiliates	Purchase of dye	(4)	-
(xxv) Uni Dil Packaging Solutions Ltd.	Affiliates	Payment for corrugated cartoons	(1,776)	-
(xxvi) Delmege Forsyth & Company Ltd.	Affiliates	Refurbishment of head office	(775)	-

## Non - Recurrent Transactions

### (E) Transactions with FVTCL

Company	Relationship	Nature of Transaction	Amount (paid)/received	
			2024/25 Rs. '000	2023/24 Rs. '000
For the year ended 31 March				
(i) Martin Bauer Hayleys (Pvt) Ltd.	Financial assets	Reimbursement of expenses	(1,287)	9,315

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 29 to the Financial Statements.

### 32. CONTINGENT LIABILITIES

There are no known contingent liabilities exist as at the date 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 2025/26 amounts to Rs. 902,645,071/- (2024/25 Rs. 650,709,082/-).

**34. EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION**

No circumstances have arisen since the reporting date which require adjustments to or disclosure in the financial statements.

**35. SEGMENTAL ANALYSIS**

Group	Tea		Rubber		Others		Unallocated		Total	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Segmental assets</b>										
Non-current assets	3,569,782	2,875,919	3,385,863	3,412,006	732,135	472,275	1,559,825	1,681,214	9,247,605	8,441,413
Current assets	3,808,150	3,454,329	522,270	321,036	178,075	79,217	2,765,084	2,809,265	7,273,579	6,663,847
Total assets	7,377,932	6,330,248	3,908,133	3,733,042	910,210	551,492	4,324,909	4,490,479	16,521,184	15,105,260
<b>Segmental liabilities</b>										
Non-current liabilities	1,535,608	1,389,844	679,342	683,179	24,457	22,075	2,057,072	1,844,278	4,296,479	3,939,375
Current liabilities	2,189,191	2,120,328	184,230	213,560	20,820	26,780	1,154,161	872,188	3,548,402	3,232,854
Total liabilities	3,724,799	3,510,172	863,572	896,738	45,277	48,854	3,211,233	2,716,464	7,844,881	7,172,229
<b>Non-interest bearing liabilities</b>										
Deferred taxation	-	-	-	-	-	-	1,181,062	1,102,838	1,181,062	1,102,838
Retirement benefit obligations	1,031,043	904,552	407,630	357,888	1,385	1,106	-	-	1,440,058	1,263,546
Trade & other payables	690,194	633,938	650,163	520,522	11,055	13,977	727,808	588,713	2,079,220	1,757,150
Total depreciation	226,341	203,316	152,203	142,778	24,136	22,710	60,300	62,682	462,980	431,486
Amortisation of right of use assets	30,259	24,813	25,226	23,767	-	-	2,200	14,440	57,685	63,020
Capital expenditure	301,607	311,538	161,824	112,904	292,767	115,210	198,142	123,815	954,340	663,467
<b>Company</b>										
<b>Segmental assets</b>										
Non-current assets	2,339,355	1,953,373	3,385,863	3,412,005	635,396	367,043	1,559,825	1,681,214	7,920,439	7,413,635
Current assets	593,234	314,399	522,270	321,036	-	-	2,765,084	2,809,265	3,880,588	3,444,700
Total assets	2,932,589	2,267,772	3,908,133	3,733,041	635,396	367,043	4,324,909	4,490,480	11,801,027	10,858,335
<b>Segmental liabilities</b>										
Non-current liabilities	1,361,302	1,197,900	679,342	683,179	-	-	2,057,072	1,844,277	4,097,716	3,725,357
Current liabilities	399,163	506,185	184,230	213,560	-	-	1,154,161	872,187	1,737,554	1,591,932
Total liabilities	1,760,465	1,704,085	863,572	896,738	-	-	3,211,233	2,716,464	5,835,270	5,317,288
<b>Non-interest bearing liabilities</b>										
Deferred taxation	-	-	-	-	-	-	1,075,955	1,022,010	1,075,955	1,022,010
Retirement benefit obligations	951,137	835,071	407,630	357,888	-	-	-	-	1,358,767	1,192,959
Trade & other payables	243,688	189,070	650,163	520,522	-	-	727,808	588,713	1,621,659	1,298,304
Total depreciation	115,683	103,476	152,203	142,778	12,912	11,825	60,300	62,682	341,098	320,761
Amortisation of right of use assets	30,259	24,813	25,226	23,767	-	-	-	12,145	55,485	60,725
Capital expenditure	-	-	161,824	112,904	290,039	109,306	198,142	123,815	650,005	346,024

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 2025

	Trade Receivables					Total
	Current	Days past due				
		61-120 days	121-180 days	181-365 days	> 365 days	
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	-	-	2,487	1,336	-	3,823
Expected credit loss rate	-	-	99	93	-	193

#### As at 31 March 2024

	Trade Receivables					Total
	Current	Days past due				
		61-120 days	121-180 days	181-365 days	> 365 days	
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

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

#### 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.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 2,675 m (2023/24- Rs. 2,432 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. 2,324 m as at 31 March 2025 (2023/24- Rs. 1,730 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. 295 m as at 31 March 2025 (2023/24- Rs. 348 m) which represents its maximum credit exposure on these assets.

- Sampath Bank PLC - AA-(lka)
- Hatton National Bank PLC -AA-(lka)
- Bank of Ceylon - AA-(lka)
- Citi Bank N.A. - AAA(lka)
- Hong Kong and Shanghai Banking Corporation Ltd - AAA(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 2025	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
<b>Group</b>						
Interest bearing loans & borrowing	1	348,854	898,188	12,365	-	1,259,409
Lease liability on right-of-use asset- land	13,255	26,510	119,295	636,241	2,544,963	3,340,264
Trade & other payables	695,394	1,383,826	-	-	-	2,079,220
	708,650	1,759,190	1,017,483	648,606	2,544,963	6,678,893
<b>Company</b>						
Lease liability on right-of-use asset- land	13,255	26,510	119,295	636,241	2,544,963	3,340,264
Trade & other payables	615,614	1,006,045	-	-	-	1,621,659
	628,869	1,032,555	119,295	636,241	2,544,963	4,961,923

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
<b>Group</b>						
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
<b>Company</b>						
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

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****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. 62 m (2023/24 - Rs. 116 m) which represents its maximum credit exposure on these liabilities.

**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
<b>Group</b>		
2024/25	+1%	618
	-1%	(618)
2023/24	+1%	1,161
	-1%	(1,161)
<b>Company</b>		
2024/25	+1%	-
	-1%	-
2023/24	+1%	34
	-1%	(34)

**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.

Group	Increase/ decrease in basis points	Effect on profit before tax Rs.'000
<b>2024/25</b>		
USD	25%	85,748
CNY	25%	77,349
JPY	25%	14,696
EUR	25%	6,398
USD	-25%	(85,748)
CNY	-25%	(77,349)
JPY	-25%	(14,696)
EUR	-25%	(6,398)
<b>2023/24</b>		
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)

### 36.4.3 Equity Price Risk

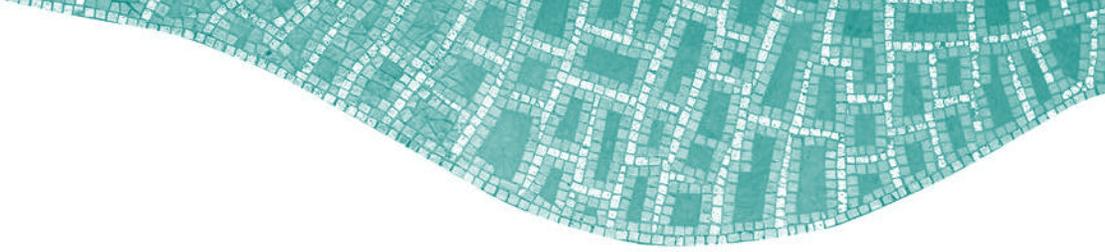
The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management 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. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****36.4.4 Capital Management**

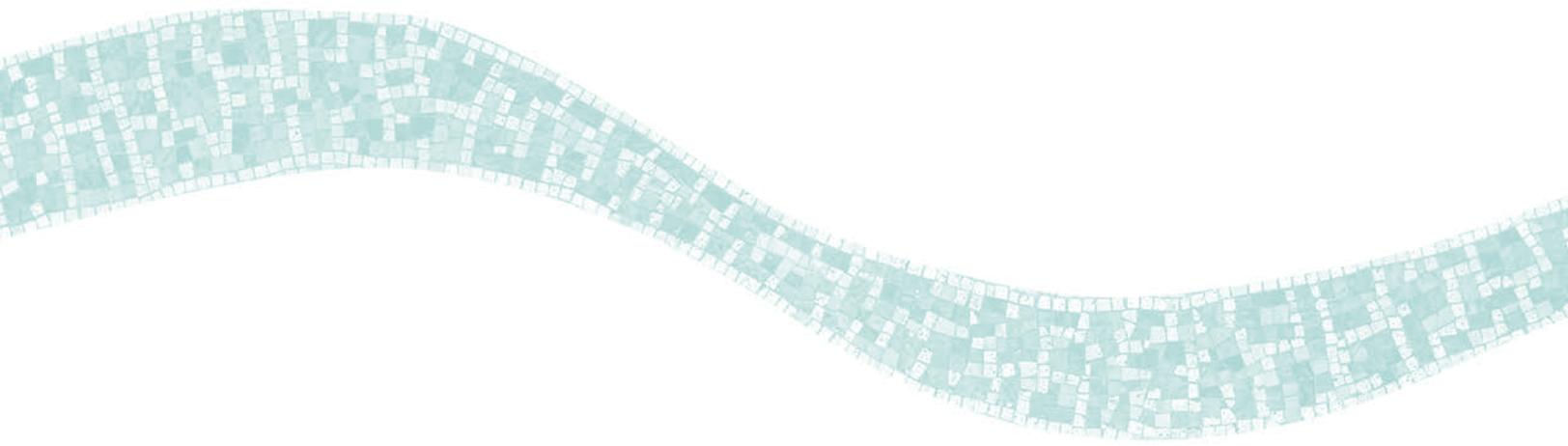
The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retain earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

As at 31 March	Group		Company	
	2024/25 Rs. '000	2023/24 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000
<b>i. Interest bearing borrowings</b>				
Current portion of long term interest bearing borrowings	49,458	53,458	-	3,375
Payable within 2 and 5 years	12,365	62,604	-	-
<b>ii . Lease liability</b>				
Current portion of liability to make lease payment	11,573	8,239	11,573	8,239
Payable within 2 and 5 years	64,929	46,219	64,929	46,219
Payable later than 5 years from year-end	976,975	808,678	976,975	808,678
<b>iii. Short term Interest bearing borrowings</b>				
	1,197,585	1,020,781	-	-
<b>iv. Bank overdraft</b>				
	1	233	-	-
<b>Total debts</b>	<b>2,312,885</b>	<b>2,000,212</b>	<b>1,053,477</b>	<b>866,511</b>
Equity	8,578,141	7,863,982	5,965,757	5,541,046
Equity & debts	10,891,026	9,864,194	7,019,233	6,407,557
Gearing ratio	21%	20%	15%	14%



# Annexures



Period Ended	2024/25 31-Mar (12 Months) Rs.'000	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 (15 Months) Rs.'000	2015/16 31-Dec (12 Months) Rs.'000
<b>Trading Results</b>										
Revenue	21,640,793	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
Gross profit	2,678,346	3,043,038	3,658,360	2,264,637	1,756,634	844,957	967,084	1,091,683	617,739	464,702
Profit/(loss) before tax	1,380,770	1,849,441	3,040,670	1,965,171	947,521	(22,772)	447,767	202,487	12,474	(30,520)
Profit/(loss) after tax	941,786	1,182,832	2,087,844	1,777,464	802,185	(87,019)	387,913	160,422	(15,349)	(42,191)
<b>Balance Sheet</b>										
<b>Funds Employed</b>										
Stated capital	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Revenue reserves	8,238,141	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
Total equity attributable to equity holders of the company	8,578,141	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
Non Controlling interest	98,162	69,048	49,582	49,085	41,182	41,882	33,380	31,470	33,475	33,087
Lease liability	1,041,904	854,897	631,871	599,964	599,096	587,014	437,712	439,902	441,841	443,557
Amounts due to other related companies	-	-	-	-	-	13,086	28,392	43,041	36,286	22,500
Interest Bearing Borrowings	12,365	62,604	17,456	125,574	193,108	270,817	162,924	299,131	368,375	323,916
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
	9,730,571	8,850,764	8,005,042	6,697,151	5,295,372	5,185,332	4,660,035	4,051,113	4,075,193	3,550,801
<b>Assets Employed</b>										
Non current assets	9,247,605	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
Current assets	7,273,579	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
Current liabilities	(3,548,402)	(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)
Retirement benefit obligations	(1,440,058)	(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)
Deferred tax liability	(1,181,062)	(1,102,838)	(992,118)	(444,120)	(462,162)	(415,361)	(405,363)	(427,497)	(457,659)	(390,615)
Deferred income	(621,090)	(655,491)	(653,266)	(672,440)	(667,443)	(616,630)	(596,351)	(577,874)	(535,688)	(522,763)
<b>Capital employed</b>	9,730,572	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
<b>Key Indicators</b>										
Gross profit margin %	12.38	15.24	17.67	17.52	14.94	9.48	10.55	12.60	9.02	7.66
Current ratio (times)	2.05	2.06	1.73	1.43	1.06	0.83	1.02	1.15	1.10	1.30
Turnover to capital employed (times)	2.22	2.26	2.59	1.93	2.22	1.72	1.97	2.13	1.68	1.71
Return on shareholders' fund %	10.64	14.92	29.17	30.03	18.71	(2.78)	11.40	5.19	(0.64)	(1.05)
Earning per share (Rs.) *	13.42	17.26	30.70	26.02	11.69	(1.40)	11.14	4.56	(0.55)	(0.82)
Net assets per share (Rs.) *	126.15	115.65	105.22	86.66	62.49	50.55	48.86	44.38	42.95	38.72
Dividend per share (Rs.)	2.60	3.75	10.00	4.45	3.00	-	-	1.00	-	-
Dividend payout ratio % *	19.37	21.73	32.58	17.10	25.66	-	-	43.82	-	-
Price earnings (Times) *	6.12	4.29	2.33	2.23	3.21	-	8.35	17.53	-	-
Market value (Rs.) *	82.20	74.00	70.50	58.00	37.50	80.00	93.00	80.00	82.00	65.00

\* 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 2025 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 31 MARCH 2025

As at 31st March 2025, there were 16,155 (31 March 2024 - 16,338) registered shareholders.

	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	15,255	3,699,592	5.44	8	3,207	0.00	15,263	3,702,799	5.44
1,001 - 10,000	687	2,389,790	3.51	10	31,390	0.05	697	2,421,180	3.56
10,001 - 100,000	159	4,584,203	6.74	4	92,438	0.14	163	4,676,641	6.88
100,001 - 1,000,000	27	5,804,672	8.54	3	1,101,400	1.62	30	6,906,072	10.16
Over 1,000,000	2	50,293,308	73.96	-	-	-	2	50,293,308	73.96
<b>Total</b>	<b>16,130</b>	<b>66,771,565</b>	<b>98.19</b>	<b>25</b>	<b>1,228,435</b>	<b>1.81</b>	<b>16,155</b>	<b>68,000,000</b>	<b>100.00</b>

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	15,969	12,940,899	19.03	24	1,208,435	1.78	15,993	14,149,334	20.81
Institutions	161	53,830,666	79.16	1	20,000	0.03	162	53,850,666	79.19
<b>Total</b>	<b>16,130</b>	<b>66,771,565</b>	<b>98.19</b>	<b>25</b>	<b>1,228,435</b>	<b>1.81</b>	<b>16,155</b>	<b>68,000,000</b>	<b>100.00</b>

### 3. MARKET VALUE

The market value of Kelani Valley Plantations PLC ordinary shares :

	2024/25		2023/24	
Highest - Price	Rs. 98.90	17/01/2025	Rs. 89.80	25/07/2023
Lowest - Price	Rs. 66.10	03/09/2024	Rs. 68.00	27/02/2024
Closing price	Rs. 82.20	28/03/2025	Rs. 74.00	28/03/2024

### 4. DIVIDEND PAYMENT 2024/25

First interim dividend of Rs.2.60 per share (2023/24 -First interim dividend Rs.1/- per share, Second interim dividend of Rs. 0.25 per share & Third interim dividend Rs. 2.50 per share)

### 5. SHARE TRADING

	2024/25	2023/24
Number of transactions	13,663	11,708
Number of shares traded	11,473,409	8,427,587
Value of shares traded (Rs.)	966,059,575	645,426,342

## 6. FIRST TWENTY SHAREHOLDERS AS AT 31 MARCH 2025

Name of Shareholder	No. of Shares		No. of Shares	
	as at 31.03.2025	%	as at 31.03.2024	%
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 Dr. M.A.A.M. Akram	625,205	0.92	610,548	0.90
4 Mr. T.T.T. Al-Nakib (Deceased)	610,000	0.90	610,000	0.90
5 Dr. D. Jayantha	568,200	0.84	449,800	0.66
6 People's Leasing and Finance PLC/U. L. B. Ariyaratna	325,000	0.48	-	-
7 Mr. R. C. D. De Silva	317,327	0.47	-	-
8 Mr. M. M. M. Shamil	300,000	0.44	55,000	0.08
9 Mr. H.A.A.H. Algharabally	291,400	0.43	291,400	0.43
10 Mrs. T. T. A. De Silva Weerasooria	276,502	0.41	-	-
11 Trading Partners (Pvt) Ltd.	249,098	0.37	-	-
12 J.B. Cocoshell (Pvt) Ltd.	241,306	0.35	241,306	0.35
13 Seylan Bank PLC/M.M. Fuad	235,474	0.35	209,291	0.31
14 Mr. G.M. Weerakoon	231,956	0.34	902,775	1.33
15 Mrs. J. K. P. Singh	200,000	0.29	120,000	0.18
Mr. M. H. M. Fawsan	200,000	0.29	200,000	0.29
16 Mr. G. S. N. Peiris	175,719	0.26	-	-
17 Mr. B. T. De S. Weerasooria	172,488	0.25	-	-
18 Mr. K. R. E. M. D. M. B. Jayasundara	171,557	0.25	-	-
19 Mr. S.C. Ganegoda	165,000	0.24	165,000	0.24
20 Mr.A.V. Emmanuel & Mrs. S. Emmanuel	149,910	0.22	128,900	0.19
Subtotal	55,799,450	82.06	54,277,328	79.82
Others	12,200,550	17.94	13,722,672	20.18
<b>Total</b>	<b>68,000,000</b>	<b>100.00</b>	<b>68,000,000</b>	<b>100.00</b>

## 7. DIRECTORS' SHAREHOLDINGS - (AS DEFINED IN COLOMBO STOCK EXCHANGE RULES)

Name of the Director	As at	As at
	31/03/2025	31/03/2024
1 Mr. Mohan Pandithage	-	-
2 Dr. Roshan Rajadurai	4,382	4,382
3 Mr. Anura Weerakoon	-	-
4 Mr. Sarath Ganegoda	165,000	165,000
5 Mr. Faiz Mohideen	-	-
6 Mr. Chathura Cabraal	-	-
7 Mr. Nandana Ekanayake	-	-
8 Mr. Malaka Talwatte	-	-
9 Mrs. Saumya Amarasekera PC	-	-
10 Mr. Sujeewa Peiris	-	-
	<b>169,382</b>	<b>169,382</b>

## 8. THE PERCENTAGE OF ORDINARY SHARES HELD BY THE PUBLIC WAS 27.32% (2023/24 - 27.32%) OF THE ISSUED SHARE CAPITAL AS AT 31 MARCH 2025

- There were no non-voting shares as at 31 March 2025.
- Total No. of shareholders represent in the public holding 16,151
- Float adjusted market capitalization (Rs.) 1,526,891,139.60
- The Company complies with option 5 of the listing rules 7.13.1(l)a a less than 2.5 Bn Float adjusted capitalisation which requires 20% minimum public Holding.

# Independent Assurance Report



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Chartered Accountants  
Rotunda Towers  
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## Independent practitioner's assurance report to the Board of Directors of Kelani Valley Plantations PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

### Scope

We have been engaged by Kelani Valley Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Kelani Valley Plantations PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Kelani Valley Plantations PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Kelani Valley Plantations PLC

In preparing the Subject Matter, Kelani Valley Plantations PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

(GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022)

- The Sustainability Accounting Standards Board (SASB) Standards, publicly available at SASB's website <https://www.sasb.org> (Agriculture Products)

- CSE Sustainability Reporting Guide (version 3) issued by Colombo Stock Exchange (2023)
- Requirements of the frameworks given in the Non-Financial Reporting Guideline issued by Institute of Chartered Accountants of Sri Lanka (2022)
- Requirements of section III H.1 to H.5 of Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and Institute of Chartered Accountants of Sri Lanka (2023)

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Kelani Valley Plantations PLC's responsibilities

Kelani Valley Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Kelani Valley Plantations PLC on 23 April 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our independence and quality management

We have maintained our independence and confirm that we have met the 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 quality management standards, 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.

Partners: D.K. Hulangamuwa FCA FCMA LLB (London), A.P.A. Gunasekera FCA FCMA, Ms. Y.A. De Silva FCA, Ms. G.G.S. Manatunga FCA, W.K.B.S.P. Fernando FCA FCMA FCCA, B.E. Wijesuriya FCA FCMA, R.N. de Saram ACA FCMA, Ms. N.A. De Silva FCA, N.M. Sulaiman FCA FCMA, Ms. L.K.H.L. Fonseka FCA, Ms. P.V.K.N. Sajjewanani FCA, A.A.J.R. Perera FCA ACMA, N.Y.R.L. Fernando ACA, D.N. Gamage ACA ACMA, C.A. Yalagala ACA ACMA, Ms. P.S. Paranavitane ACA ACMA LLB (Colombo), B. Vasanthan ACA ACMA, W.D.P.L. Perera ACA

Principals: T.P.M. Ruberu FCA FCCA MBA (US-JSL), G.B. Goudfian ACA, D.L.B. Karunathilaka ACA, W.S.J. De Silva BSc (Hons) - MIS Msc - IT, V. Shakthivel B.Com (Sp)



Shape the future  
with confidence

### 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 2025, in order for it to be in accordance with the Criteria.

27 May 2025  
Colombo

# GRI Index Table

Statement of Use	Kelani Valley Plantations PLC has reported in accordance with the GRI Standards for the period from 1st April 2024 to 31st March 2025.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard (s)	GRI 13: Agriculture, Aquaculture, and Fishing

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
<b>GRI 2: General Disclosures</b>			A gray cell indicates something that does not apply. This only relates to the 'Omission' and 'GRI Sector Standard ref. no.' columns.			
2-1	Organizational details	8, Inner Back Cover				
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	4, 46				
2-5	External assurance	5, 295-296				
2-6	Activities, value chain and other business relationships	136-137, 138				
2-7	Employees	104-105				
2-8	Workers who are not employees	104				13.21
2-9	Governance structure and composition	169, 172, 173				
2-10	Nomination and selection of the highest governance body	180, 220				
2-11	Chair of the highest governance body	169				
2-12	Role of the highest governance body in overseeing the management of impacts	176, 178				
2-13	Delegation of responsibility for managing impacts	174, 198				
2-14	Role of the highest governance body in sustainability reporting	191				
2-15	Conflicts of interest	169				
2-16	Communication of critical concerns	179				
2-17	Collective knowledge of the highest governance body	169, 177				
2-18	Evaluation of the performance of the highest governance body	181				
2-19	Remuneration policies	181				
2-20	Process to determine remuneration	181				
2-21	Annual total compensation ratio	183				
2-22	Statement on sustainable development strategy	32-34				
2-23	Policy commitments	175				
2-24	Embedding policy commitments	175				
2-25	Processes to remediate negative impacts	123				
2-26	Mechanisms for seeking advice and raising concerns	175				
2-27	Compliance with laws and regulations	140, 177				
2-28	Membership associations	46				
2-29	Approach to stakeholder engagement	39, 41-43				
2-30	Collective bargaining agreements	41,102				13.21

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
<b>GRI 3: Material Topics</b>						
3-1	Process to determine material topics	45				
3-2	List of material topics	46-47				
3-3	Management of material topics	47				
<b>GRI 201: Economic</b>						
3-3	Management of material topics	47				
201-1	Direct economic value generated and distributed	87				13.22
201-2	Financial implications and other risks and opportunities due to climate change	199, 202				13.2
201-3	Defined benefit plan obligations and other retirement plans		201-3	Confidential Information	KVPL is not disclosing sensitive data due to market competition	
201-4	Financial assistance received from government	84-85				
<b>GRI 202: Market Presence</b>						
3-3	Management of material topics	47				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		202-1	Confidential Information	KVPL is not disclosing sensitive data due to market competition	
202-2	Proportion of senior management hired from the local community	106				
<b>GRI 203: Indirect Economic Impacts</b>						
3-3	Management of material topics	47				13.22
203-1	Infrastructure investments and services supported	127				13.22
203-2	Significant indirect economic impacts	127				13.22
<b>GRI 205: Anti-corruption</b>						
3-3	Management of material topics	47				13.26
205-1	Operations assessed for risks related to corruption	119				13.26
205-2	Communication and training about anti-corruption policies and procedures	119				13.26
205-3	Confirmed incidents of corruption and actions taken	175				13.26
<b>GRI 301: Material Management</b>						
3-3	Management of material topics	47				
301-1	Materials used by weight or volume	148				
301-2	Recycled input materials used	148				
301-3	Reclaimed products and their packaging materials	148				

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
<b>GRI 302: Energy</b>						
3-3	Management of material topics	47				
302-1	Energy consumption within the organization	150				
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	150				
302-4	Reduction of energy consumption	150				
302-5	Reductions in energy requirements of products and services	151				
<b>GRI 303: Water and Effluents</b>						
3-3	Management of material topics	47				13.7
303-1	Interactions with water as a shared resource	151				13.7
303-2	Management of water discharge-related impacts	152				13.7
303-3	Water withdrawal	152				13.7
303-4	Water discharge	152				13.7
303-5	Water consumption	152				13.7
<b>GRI 304: Biodiversity</b>						
3-3	Management of material topics	47				13.3
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high Biodiversity value outside protected areas	152				13.3
304-2	Significant impacts of activities, products, and services on biodiversity	152				13.3
304-3	Habitats protected or restored	152				13.3
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	153				13.3
<b>GRI 305: Emissions</b>						
3-3	Management of material topics	47				13.1
305-1	Direct (Scope 1) GHG emissions	154				13.1
305-2	Energy indirect (Scope 2) GHG emissions	154				13.1
305-3	Other indirect (Scope 3) GHG emissions	154				13.1
305-4	GHG emissions intensity	155				13.1
305-5	Reduction of GHG emissions	154				13.1
305-6	Emissions of ozone-depleting substances (ODS)	155				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	155				13.1
<b>GRI 306: Waste</b>						
3-3	Management of material topics	47				13.8
306-1	Waste generation and significant waste-related impacts	155				13.8
306-2	Management of significant waste-related impacts	155				13.8
306-3	Waste generated	155				13.8
306-4	Waste diverted from disposal	155				13.8
306-5	Waste directed to disposal	155				13.8
<b>GRI 401: Employment</b>						
3-3	Management of material topics	47				
401-1	New employee hires and employee turnover	106				13.20
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	117, 118				
401-3	Parental leave	118				
<b>GRI 402: Labor/Management Relations</b>						
3-3	Management of material topics	47				
402-1	Minimum notice periods regarding operational changes	102				
<b>GRI 403: Occupational Health And Safety</b>						
3-3	Management of material topics	47				13.19
403-1	Occupational health and safety management system	119				13.19
403-2	Hazard identification, risk assessment, and incident investigation	121				13.19
403-3	Occupational health services	121				13.19
403-4	Worker participation, consultation, and communication on occupational health and safety	121				13.19
403-5	Worker training on occupational health and safety	119-121, 122				13.19
403-6	Promotion of worker health	119, 121				13.19
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	121				13.19
403-8	Workers covered by an occupational health and safety management system	119, 121				13.19
403-9	Work-related injuries	122				13.19

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
403-10	Work-related ill health		403-10	Information unavailable	Data on work-related ill health was not collected during the reporting period. We plan to include it in future reports.	
<b>GRI 404: Training And Education</b>						
3-3	Management of material topics	47				
404-1	Average hours of training per year per employee	112				
404-2	Programs for upgrading employee skills and transition assistance programs	110-111				
404-3	Percentage of employees receiving regular performance and career development reviews	116				
<b>GRI 405: Diversity and Equal Opportunity</b>						
3-3	Management of material topics	47				13.15
405-1	Diversity of governance bodies and employees	105				13.15
405-2	Ratio of basic salary and remuneration of women to men		405-2	Confidential Information	KVPL is not disclosing sensitive data due to market competition	13.15
<b>GRI 406: Non-discrimination</b>						
3-3	Management of material topics	47				
406-1	Incidents of discrimination and corrective actions taken	109				13.15
<b>GRI 407: Freedom Of Association And Collective Bargaining</b>						
3-3	Management of material topics	47				13.18
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	102				13.18
<b>GRI 408: Child Labor</b>						
3-3	Management of material topics	47				13.17
408-1	Operations and suppliers at significant risk for incidents of child labor	117				13.17
<b>GRI 409: Forced Or Compulsory Labor</b>						
3-3	Management of material topics	47				13.16
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	117				13.16
<b>GRI 413: Local Communities</b>						
3-3	Management of material topics	47				13.12

GRI Standard / Other Source	Disclosure	Location (Page)	Omission			GRI Sector Standard Ref. No.
			Requirement Omitted	Reason	Explanation	
413-1	Operations with local community engagement, impact assessments, and development programs	127, 129-130				13.12
413-2	Operations with significant actual and potential negative impacts on local communities	132				13.12
<b>GRI 415: Public Policy</b>						
3-3	Management of material topics	47				13.24
415-1	Political contributions	140				13.24
<b>GRI 416: Customer Health And Safety</b>						
3-3	Management of material topics	47				13.10
416-1	Assessment of the health and safety impacts of product and service categories	139				13.10
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	139				13.10
<b>GRI 417: Marketing and Labelling</b>						
3-3	Management of material topics	47				
417-1	Requirements for product and service information and labelling	61				
417-2	Incidents of non-compliance concerning product and service information and labelling	61				
417-3	Incidents of non-compliance concerning marketing communications	61				
<b>GRI 418: Customer Privacy</b>						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	61				
		152				13.4
		153				13.5
		122				13.6
		127, 133				13.9
		131				13.13
		140				13.23
		119				13.25
<b>Topics in the applicable GRI Sector Standards determined as not material</b>						
<b>TOPIC</b>			<b>EXPLANATION</b>			
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			

# SASB Disclosure Topics & Metrics -Agricultural Products Standard

Topic	Metric	Category	Unit of Measure	Code	Page / Reasons For Omission
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO <sub>2</sub> -e	FB-AG-110a.1	154
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	FB-AG-110a.2	155
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	Not material for current FY
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	150
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m <sup>3</sup> ), Percentage (%)	FB-AG-140a.1	152
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	FB-AG-140a.2	151
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	152
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1	Not certified under Global Food Safety Initiative (GFSI) certifications
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage (%) by cost	FB-AG-250a.2	Not certified under Global Food Safety Initiative (GFSI) certifications
	(1) Number of recalls issued and (2) total amount of food product recalled 1	Quantitative	Number, Metric tonnes (t)	FB-AG-250a.3	Not certified under Global Food Safety Initiative (GFSI) certifications
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-AG-320a.1	104, 119
Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1	136
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-430a.2	Information not Available
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	N/A	FB-AG-430a.3	203-204

Topic	Metric	Category	Unit of Measure	Code	Page / Reasons For Omission
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	N/A	FB-AG-430b.1	Not Material
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	N/A	FB-AG-440a.1	202
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2	148

Activity Metric	Category	Unit of Measure	Code	Page
Production by principal crop <sup>2</sup>	Quantitative	Metric tonnes (t)	FB-AG-000.A	6
Number of processing facilities <sup>3</sup>	Quantitative	Number	FB-AG-000.B	6
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	6
Cost of agricultural products sourced externally <sup>4</sup>	Quantitative	Presentation currency	FB-AG-000.D	88

# Consolidated Statement of ESG Performances

	Note	2024/25	2023/24
<b>Environmental Performance</b>			
<b>Resource</b>			
Non-renewable Energy Consumption for Operations (GJ)	2.1	35,495	37,875
Generation of Renewable Energy (GJ)	2.2	45,756	26,869
Water Consumption for Operations (m3)	2.3	75,112	72,385
<b>Waste</b>			
Total Solid Non-hazardous waste (kg)	2.4	29,474	11,244
Total Solid Hazardous waste Disposed (kg)	2.4	512	954
<b>Emission</b>			
Carbon emitted for operations (tCO <sub>2</sub> e)	2.5	9,063	9,988
<b>Voluntary Initiatives</b>			
Investments on Environment and Biodiversity Projects (LKR)	3.8	13,080,167	16,161,723
<b>Social Performance</b>			
<b>People &amp; Employees</b>			
Total employees	3.1	7,432	7,621
Employee turnover (%)	3.1	25%	26%
Female employees as a percentage of total employees (%)	3.2	51%	52%
Female employees in decision-making roles	3.2	16	15
Employee engagement score (out of 5)	3.3	4.97	4.85
Employee Trust Index (out of 100)	3.4	99.00	94.00
Total number of injuries	3.5	0.13%	0.13%
Average training hours per employee	3.6	12.2	10.4
Total employee benefits distributed (Rs. 000)	3.8	4,666,195	3,882,125
<b>Customers and Society</b>			
Customer Satisfaction Index (%)	3.7	91%	90%
Duty and tariff paid (Rs. 000)	3.8	669,616	697,901
Donations and other social contributions (Rs. 000)	3.8	66,416	52,119
Number of apprenticeships provided for technical education	3.9	27	46
<b>Governance Performance</b>			
<b>Values and Ethics</b>			
Employees trained on Hayleys Life code of business conduct	4.1	103	98
Number of whistle-blower cases reported and solved	4.2	-	-
Number of Anti-Harassment cases reported and solved	4.3	-	-
<b>Management Systems</b>			
Number of total audits conducted on management systems	4.4	16	14
Number of non-compliances reported in management systems	4.4	-	-
Number of times the sustainability committee met	4.5	6	6
<b>Data Privacy and Security</b>			
Number of employees trained on data privacy	4.6	103	98

**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)
- Climate first reporting aligning with IFRS S2/ SLFRS standard.
- Sustainability Accounting Standards Board (SASB)
- 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 43 to 45 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)
- regenagri Certification
- 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)	
	2024/25	2023/24
Total Diesel Usage	13,910	13,234
Total Petrol Usage	2,189	2,346
LP Gas	388	364
<b>Total</b>	<b>16,487</b>	<b>15,944</b>

**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	2024/25 (GJ)	2023/24 (GJ)
Kalupahana	9,696	7,733
Glassaugh	35,106	17,871
Batalgalla	514	680
Udaradella	-	57
Solar power generation	2024/25 (GJ)	2023/24 (GJ)
Dewalakanda	440	528
<b>Total</b>	<b>45,756</b>	<b>26,869</b>

**Basis of Measurement:**

Renewable energy is generated through solar power plants installed on the roof tops of Dewalakanda and Panawatte Rubber processing centers at Dehiowita and Yatiyanthota respectively, 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.

### 2.3 Water Consumption for Operations (m<sup>3</sup>)

Surface water consumption for factory operation	Total (L)	Total(m <sup>3</sup> )
2023/2024 (Liters)	72,385,490	72,385
2024/2025 (Liters)	75,111,606	75,112

#### 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)	2023/24	2024/25
Bio-degradable Waste / Food waste	1,075	29,025
Metal	0	4
Glass	1,356	41
Plastic	3,098	66
Polythene	5,352	50
Paper	363	288
<b>Total</b>	<b>11,244</b>	<b>29,474</b>

#### Total Solid Hazardous Waste Disposed (kg)

Hazardous waste (kg)	2023/24	2024/25
Empty Chemical cans	657	390
Medical Waste	16	26
Batteries	23	1
Bulbs	86	17
E-Waste	172	80
<b>Total</b>	<b>954</b>	<b>512</b>

#### 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 (tCO<sub>2</sub>e)

GHG Emission (tCO <sub>2</sub> e)	2023/24	2024/25
Scope 01	6,384	5,732
Scope 02	2,606	2,259
Scope 03	998	1,072
<b>Total GHG emission tCO<sub>2</sub>e</b>	<b>9,988</b>	<b>9,063</b>

#### Basis of Measurement

Emissions are limited to CO<sub>2</sub> 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 qualities 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	2,503	2,752	5,255
Contract	1,168	1,009	2,177
<b>Total</b>	<b>3,671</b>	<b>3,761</b>	<b>7,432</b>

Category	Male	Female	Total
AM & Above	69	6	75
Executives	18	10	28
Clerical & Supervisory	367	156	523
Manual Grade	3,217	3,589	6,806
<b>Total</b>	<b>3,671</b>	<b>3,761</b>	<b>7,432</b>

#### Employee turnover

2020/21	2021/22	2022/23	2023/24	2024/25
0.12	0.07	0.16	0.26	0.25

### 3.2 Female employees as a percentage of total employees (Employee diversity)

Category	Male - 49 %	Female - 51 %	Total		
AM & Above	69	92%	6	8%	75
Executives	18	64%	10	36%	28
Clerical & Supervisory	367	70%	156	30%	523
Manual Grade	3,217	47%	3,589	53%	6,806
<b>Total</b>	<b>3,671</b>		<b>3,761</b>		<b>7,432</b>

**Female employees in decision making roles**

	2024/25	2023/24
Managerial level	6	5
Executive	10	10

**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)**

2024/25	2023/24	2022/23
99	94	99.95

**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 and Asia’s best workplaces categories.

**3.5 Total number of injuries**

Days/Absenteeism	2024/25	2023/24
Injuries	0.13%	0.13%
Occupational diseases	0.01%	0.01%
Lost working days	0.15%	0.16%
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 estate medical officer of respective locations/ SBUs.

**3.6 Average training hours per employee**

**Training details report 2023/24**

Category	Head Count			P/Hours		
	Male	Female	Total	Male	Female	Total
Managerial	278	56	334	966	78	1,044
Ex and Junior. Ex	792	1	793	1,262	3	1,265
All Other	21,208	43,681	64,889	33,531	55,198	88,729
All	22,278	43,738	66,016	35,759	55,279	91,038

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

Category	P/H Per Person		
	Male	Female	Total
Managerial	14.0	13.0	13.9
Ex and Junior.Ex	70.1	0.3	45.2
All Other	9.4	14.7	12.1
All	9.7	14.7	12.2

**Training investment comparison**

Year	Investment
2020/21	864,429.30
2021/22	1,020,459.00
2022/23	12,041,746.73
2023/24	7,092,551.67
2024/25	9,013,492.84

**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			
	2024/25		2023/24	
	Rs. m		Rs. m	
Revenue	21,641		19,968	
Other income	308		214	
	21,949		20,182	
Cost of material and services obtained	(14,498)		(13,631)	
Value addition	7,451		6,551	
<b>Value created shared with</b>		%		%
Employees	5,191	69.7%	4,185	64.0%
Government of Sri Lanka	839	11.3%	698	10.7%
Shareholders	177	2.4%	357	5.5%
Lenders of Capital	(136)	(1.8)	(189)	(2.9)
Deferred tax impact	94	1.3%	168	2.6%
Value Retained for expansion & Growth				
Depreciation	521	7%	494	7.6%
Profit/(Loss)	765	10.3%	826	12.6%
	7,451	100	6,539	100%

### 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 it value among Employees and Government compared to last financial year.

### Investments on Environment and Biodiversity Projects (LKR)

Investment/Cost (LKR)	2023/2024	2024/2025
Effluent/ Water Treatment Cost (if any cost other than constructions. Ex: Chemical Purchasing, Upgrading, Electricity, Labour & Other)	1,661,177	1,153,732
Soil Management & Conservation (include Cover Crops, Drains Labour/Terracing Labour/Quality Testing,etc)	3,753,560	1,494,901
Planting/maintenance of Agro-forestry & Fuelwood / Native and Shade Trees	1,945,556	5,518,251
Rainforest Alliance/FSC Program Certification Maitain Cost & Establishment of Vegetative Barriers & Chemical Free Buffer Zones	8,801,430	4,679,433
Other	-	233,850
<b>Total</b>	<b>16,161,723</b>	<b>13,080,167</b>

### Customers and Society

#### 3.7 Customer Satisfaction Index (%)

2024/25	2023/24
91%	90%

### 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	2024/25	2023/24
Corporate Income Tax	328,583	471,637
Government Lease Rental	148,908	121,851
Vat & Other Taxes	192,125	104,413
<b>Total</b>	<b>669,616</b>	<b>697,901</b>

### 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)

	2024/25 Rs. '000	2023/24 Rs. '000
Community Development & Awareness Programmes	39,886	39,445
Housing for Workers & Family	26,530	12,524
Donations	100	150
<b>Total</b>	<b>66,516</b>	<b>52,119</b>

### 3.9 Number of apprenticeships provided for technical education

2024/25	2023/24
27	46

### 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

2024/25	2023/24
103	98

### 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**

2024/25	2023/24
7	6

**4.6.Number of employees trained on data privacy**

2024/25	2023/24
103	98

**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.

**MT**

Metric Tonnes

**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.

**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**

Greenhouse Gas.

**SDG**

Sustainable Development Goals.

**NOTICE OF ANNUAL GENERAL MEETING  
KELANI VALLEY PLANTATIONS PLC**

Company Registration No. PQ 58

**NOTICE IS HEREBY GIVEN THAT THE THIRTY  
THIRD ANNUAL GENERAL MEETING OF  
KELANI VALLEY PLANTATIONS PLC** will be held on **Monday, 23rd June 2025 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 2025, with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. C.V. Cabraal, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. N. Ekanayake, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
4. To re-elect as a Director Mr. S. P. Peiris, who retires by rotation at the Annual General Meeting in terms of Article 30(1) of the Articles of Association of the Company.
5. To propose the following 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 is over seventy 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.'

6. To propose the following 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 is over seventy 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.'

7. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
8. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.

9. To consider and if thought fit, to pass the following Special Resolutions to amend the existing articles in the Articles of Association of the Company;

**Special Resolution (1)**

**IT IS HEREBY RESOLVED THAT** Article 28(1) of the Articles of Association of the Company be deleted in its entirety and be replaced by the following Article;

"28(1) Unless otherwise determined by ordinary resolution of the shareholders of the Company, the number of Directors shall not be less than five (5) and not more than ten (10)."

**Special Resolution (2)**

**IT IS HEREBY RESOLVED THAT** Articles 28(4), 28(5), 28 (6) 28(7) and 28 (8) of the Articles of Association of the Company be deleted in their entirety, and be replaced by the following Articles 28 (4) (i) to 28 (4) (vi) ;

**"28(4) Alternate Directors**

- (i) An Alternate Director shall only be appointed under exceptional circumstances by any Director ('appointor'), giving notice in writing left at the office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.
- (ii) If an Alternate Director is appointed for a Non-Executive Director such Alternate should not be an Executive of the Company. Similarly, if an Alternate Director is appointed for an Independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate qualifies as an Independent Director before the appointment is made.
- (iii) In the event a Director appoints another Director to be his Alternate Director he shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointor's rights at meetings of the Board. A person shall not act as an Alternate Director for more than one Director.
- (iv) An Alternate Director shall on his giving an address for such notice to be served upon him be entitled to receive notices of all meetings of Directors and to attend and vote as a Director, at any such meeting at which the Director appointing him is not personally present and generally at such meetings to perform all the functions of his appointor as a Director in the absence of such appointor.

- (v) The attendance of any Alternate Director at any meeting including Board Committee meetings shall be counted for the purpose of the quorum.
- (vi) An Alternate Director may be appointed for a specified period (not exceeding one (1) year) or until the happening of a specified event, but he shall ipso facto cease to be an Alternate Director if his appointor ceases for any reason to be a Director."

**Special Resolution (3)**

**IT IS HEREBY RESOLVED THAT** the existing Articles 28(9), 28(10) and 28(11) of the Articles of Association of the Company be renumbered as Articles 28(5), 28(6) and 28(7) respectively.

By Order of the Board,  
**KELANI VALLEY PLANTATIONS PLC**



HAYLEYS GROUP SERVICES (PRIVATE) LIMITED  
Secretaries

Colombo.  
26th May 2025

Notes to shareholders:

1. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her 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.
2. The Annual Report of the Company for 2024/25 is available on the corporate website [www.kvpl.com](http://www.kvpl.com) and on the Colombo Stock Exchange website [www.cse.lk](http://www.cse.lk). If you wish to have a printed copy of the Annual Report, please forward the duly completed 'Request Form' to the office of the Secretaries.

Contact Person: Ms. Ranuja De Silva  
Contact Number : +94 11 2627654  
Email Address : [ranuja.desilva@secretarial.hayleys.com](mailto:ranuja.desilva@secretarial.hayleys.com)  
Mailing Address : Hayleys Group Services (Private) Limited,  
Secretaries for Kelani Valley Plantations PLC,  
No. 400, Deans Road,  
Colombo 10.

# Form of Proxy

**KELANI VALLEY PLANTATIONS PLC**  
Company Registration No. PQ 58

I/We .....  
(full name of shareholder)

NIC No./Reg. No. of Shareholder .....of.....  
.....

.....being Shareholder/Shareholders of **KELANI VALLEY PLANTATIONS PLC** hereby appoint:

(1) .....(full name of proxyholder)

NIC No. of Proxyholder .....of .....  
.....Or,

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 Third Annual General Meeting of the Company to be held on Monday, 23rd June 2025 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 2025, with the Report of the Auditors thereon.		
2.	To re-elect as a Director Mr. C.V. Cabraal, as set out in the Notice.		
3.	To re-elect as a Director Mr. N. Ekanayake, as set out in the Notice.		
4.	To re-elect as a Director Mr. S. P. Peiris, as set out in the Notice		
5.	To re-appoint Mr. A.M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.		
6.	To re-appoint Mr. F. Mohideen, in terms of Section 211 of the Companies Act No. 07 of 2007.		
7.	To authorise the Directors to determine donations and contributions to charities for the ensuing year.		
8.	To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2025/26 and to authorise the Directors to determine their remuneration.		
9.	To pass the Special Resolutions to amend the Articles of Association of the Company as set out in the Notice. Special Resolution (1)		
	Special Resolution (2)		
	Special Resolution (3)		

Signed on this ..... day of .....2025.

.....  
Signature of Shareholder

(Instructions are given overleaf)

### 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.

# Corporate Information



## 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. Mohan Pandithage - *Chairman*  
Dr. Roshan Rajadurai - *Managing Director*  
Mr. Anura Weerakoon - *Chief Executive Officer*  
Mr. Sarath Ganegoda  
Mr. Nandana Ekanayake - *Senior Independent Director*  
Mr. Faiz Mohideen  
Mr. Chathura Cabraal  
Mr. Sujeewa Peiris  
Mr. Malaka Talwatte  
Mrs. Saumya Amarasekera, PC

## SUBSIDIARIES

Kalupahana Power Company (Private) Limited  
Mabroc Teas (Private) Limited  
Kelani Valley Resorts (Private) Limited

## AUDIT COMMITTEE

Mr. Nandana Ekanayake (Chairman)  
Mr. Faiz Mohideen  
Mr. Malaka Talwatte

## REMUNERATION COMMITTEE

Mr. Nandana Ekanayake (Chairman)  
Mr. Faiz Mohideen  
Mr. Malaka Talwatte

## NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. Nandana Ekanayake (Chairman)  
Mr. Faiz Mohideen  
Mr. Malaka Talwatte

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. Nandana Ekanayake (Chairman)  
Mr. Faiz Mohideen  
Mr. Malaka Talwatte

## MANAGING AGENT

DPL Plantations (Private) Limited  
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.



[www.kvpl.com](http://www.kvpl.com)

**Kelani Valley Plantations PLC**

No. 400, Deans Road, Colombo 10, Sri Lanka.