ANNUAL REPORT 2025 | 2026

HVA FOODS PLC

VISION

Our Vision is to make H V A FOODS PLC a truly global company dealing in every kind of tea & tea-based products.

MISSION

To drive the flagship brand HELADIV to win customer confidence and loyalty in tea and tea-based products in all corners of the world, thereby empowering H V A FOODS PLC to reach its objectives.

VALUES

- Resilience
- Accountability
- Innovation
- Customer focus
- Teamwork
- Sustainable growth

CONTENTS

A Brand With Global Recognition

Being an innovator means, going where nobody has gone before. Over the years, we are proud to be recognised, as the tea innovators and we promise to pioneer on!

Who We Are

Rooted in Sri Lankan Tea Heritage

For decades, Heladiv Tea has proudly represented the richness of Sri Lankan tea, contributing meaningfully to the tea industry and the national economy.

Strongly connected to Sri Lanka's tea heritage. The brand continues to introduce the exceptional taste and character of authentic Ceylon tea to global markets while maintaining the highest standards of quality and craftsmanship.

Bringing together innovation and tradition, Heladiv Tea blend contemporary tea concepts with time-honoured tea-making expertise, allowing the brand to remain distinctive in a constantly evolving industry.

HERITAGE

INNOVATION

GLOBAL REACH

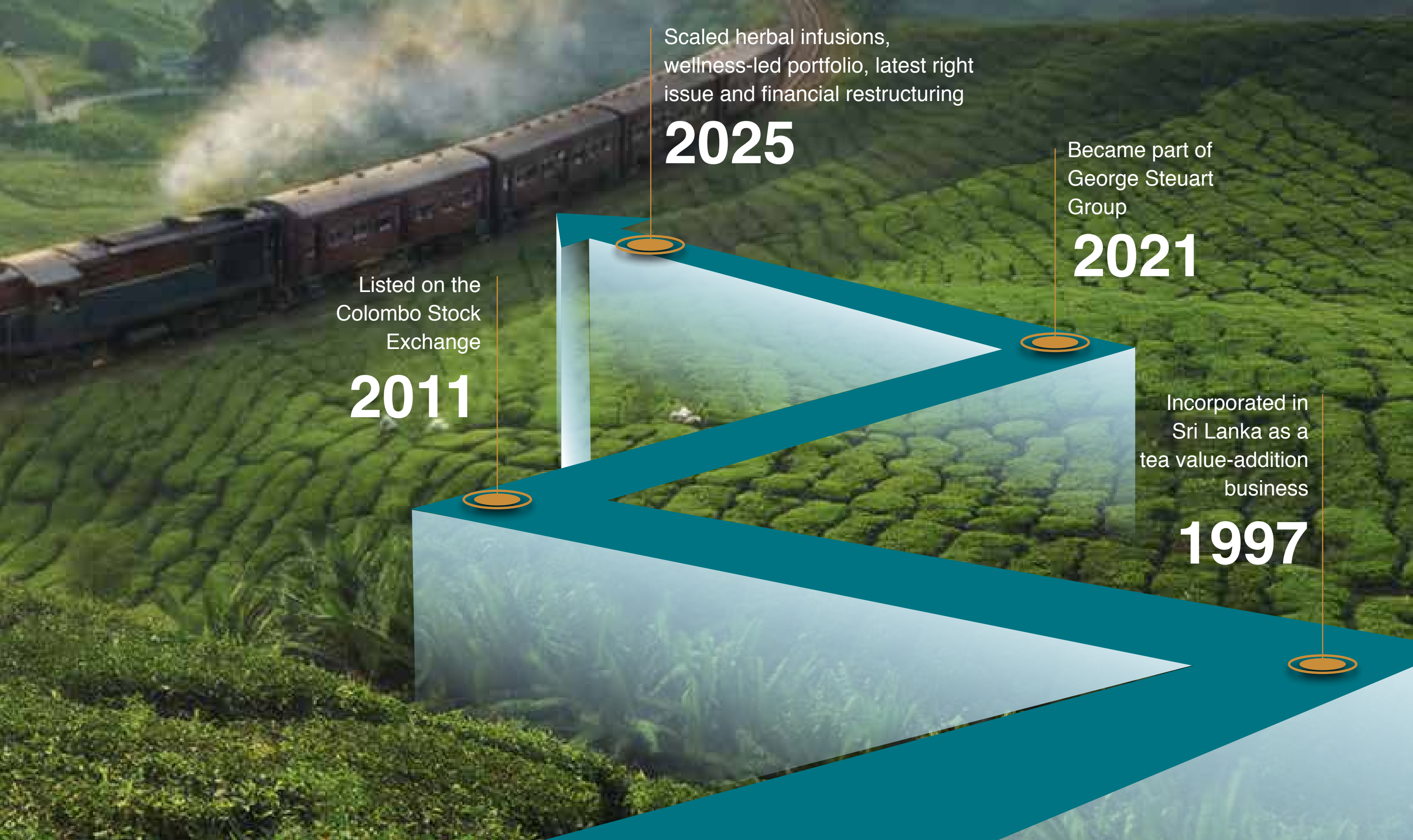
HVA Foods PLC is a globally oriented Sri Lankan tea company that combines authentic Ceylon heritage with modern product innovation. Through its flagship brand HELADIV and a diversified portfolio of value-added teas, herbal infusions, iced tea concentrates, HORECA solutions, private-label formats, and spice extensions, the Company serves both international and domestic markets with a focus on quality, trust, and sustainable value creation.

Founded	Listed on CSE	Global reach
1997	**2011**	**23+ countries**

Parent Group	Core sector	Main model
George Steuart	**Tea & beverages**	**B2B + private label**

- HVA Foods PLC was established in 1997 and has grown into a value-added tea business with a strong export orientation and a recognised Sri Lankan tea identity.
- The Company is listed on the Colombo Stock Exchange and is backed by George Steuart Group, providing institutional strength, governance support, and strategic access.
- Its core activities include tea sourcing, blending, packing, export of value-added teas, tea extract-based products, herbal and spice extensions, and tailored solutions for private-label partners and hospitality channels.
- Its footprint spans more than 23 countries, including markets in the Middle East, CIS, Europe, North America, East Asia, Australia, Africa, and the domestic Sri Lankan retail and tourism segments.

MILESTONE TIMELINE



ABOUT THIS REPORT

This Annual Report presents a balanced and holistic account of how HVA Foods PLC advanced its strategy during the year while creating value for its stakeholders. It serves as the Group's primary communication to shareholders, providing insight into its financial performance, operations, governance, strategy and outlook. The Report covers the period from 1st April 2025 to 31st March 2026.

Scope & Boundary: The Report covers the operations of HVA Foods PLC and its fully owned subsidiary, H V A Holdings (Private) Limited, collectively referred to as the "Group or HVA". Unless otherwise stated, the financial and non-financial information presented in this Report relates to the Group for the financial year ended 31st March 2026.

Basis of Preparation: The Report draws on the principles of integrated reporting to improve connectivity between the Group's operating environment, strategy, performance, risks and use of resources. This Report represents a gradual transition towards integrated reporting, reflecting the evolution of the Group's corporate reporting practices.

REPORTING STANDARDS AND FRAMEWORKS

The Report has been prepared in accordance with the applicable requirements of:

- Sri Lanka Financial Reporting Standards
- Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange

REPORTING IMPROVEMENTS

The 2025/26 Annual Report marks an important progression in the Group's reporting journey as it gradually transitions towards integrated reporting. The introduction of the six-capital framework, together with an increased focus on strategy and value creation, provides a more connected account of the resources and relationships that support the Group's performance. Key improvements featured in the Report are set out below:

- A revised report structure to improve clarity
- Clearly defined material topics
- Dedicated chapters covering the Group's six capitals
- Improved connectivity across the Report

NAVIGATION ICONS

We have used the following navigation icons to showcase connectivity across different areas and elements of the Report.

Financial	Shareholders
Manufactured	Employees
Human	Customers
Intellectual	Suppliers
Social & Relationship	Business partners
Natural	Communities
	Government

PERFORMANCE HIGHLIGHTS - FINANCIAL

Company		2026	2025	Variance	Change %
Earnings Highlights and Ratios					
Revenue	Rs.	2,274,796,768	1,836,076,269	438,720,499	24%
Gross Profit	Rs.	330,146,012	173,064,022	157,081,990	91%
Operating Profit	Rs.	101,975,946	(18,917,016)	120,892,962	639%
Profit before Tax	Rs.	5,076,175	(139,583,350)	144,659,525	104%
Income Tax	Rs.	2,066,847	(250,236)	2,317,083	-926%
Profit after Tax	Rs.	7,143,022	(139,833,586)	146,976,608	105%
Profit Attributable to owners	Rs.	7,143,022	(139,833,586)	146,976,608	105%
Earnings Per Share (basic)	Rs.	0.03	(0.78)	0.81	104%
Return on Assets (ROA)	%	0.58	(12.36)	12.94	105%
Return on Equity (ROE)	%	(11.21)	199.06	(210.28)	-106%
Return on Capital Employed (ROCE)	%	69	(13)	81.56	652%
Financial Position Highlights					
Total Assets	Rs.	1,241,673,379	1,131,655,246	110,018,133	10%
Total Borrowings	Rs.	947,483,387	983,531,066	(36,047,679)	-4%
Total Equity	Rs.	(63,693,367)	(70,245,609)	6,552,242	9%
Stated Capital	Rs.	954,965,559	954,965,559	-	0%
Debt/Asset	No. of times	0.76	0.87	(0.11)	-12%
Debt/Equity	No. of times	(20.49)	(17.11)	(3.38)	20%
Equity Asset ratio	No. of times	(0.05)	(0.06)	0.01	17%
Net assets per share	Rs.	(0.26)	(0.29)	0.03	9%
Current ratio	No. of times	0.64	0.59	0.05	8%
Quick asset ratio	No. of times	0.51	0.46	0.05	11%
No. of Shares in issue	No.	244,526,188	244,526,188	-	0%
Market / Shareholder Information					
Market value per share	Rs.	7.00	3.50	3.50	100%
Market capitalisation	Rs.	686,921,298	101,960,649	584,960,649	574%
Price Earnings Ratio	No. of times	239.63	(4.49)	244.12	5440%

OUR PRODUCT MIX

H V A's portfolio of products have now transcended from traditional tea to modern ready-to-drink iced tea variants. It has also introduced superfoods like Moringa, spice teas and herbal infused beverages to suit wellness, mixology, culinary and HORECA needs.

BEVERAGES COLLECTION

Made from 100% pure Ceylon tea using a methodology to retain the natural taste and properties of tea. This iced tea syrups are ready-to-dilute and drink (RTDD). Dilute 1 part in 4-10 parts of mineral water or soda water. Available in a range of exciting flavours in 185ml and 750ml PET bottles.

PREMIUM COLLECTION

A tea for every season - a range of beautifully designed tins that encapsulate the spirit and mood of each of the four seasons. The blends have been carefully selected by our master tea tasters using 100% Pure Ceylon HELADIV Teas.

HERBAL COLLECTION

Our nutritionists and tea masters have created this collection of holistic blends using traditional organic herbs and spices with the wisdom of our forefathers. We have created a collection of seven healthy products to help our tea drinkers detox their body, mind and soul.

TEA BAG COLLECTION

The HELADIV flavour collection is a marriage of exotic flavours with the finest Ceylon tea that is invigorating, delicious and rich in aroma. We have a flavour for everyone; ranging from tropical fruits, exotic flowers to just plain black tea. These tea bags are enveloped in individual paper sachets or alu-foil sachets to retain freshness and flavour.

TEA FROM PARADISE (GOLDEN CEYLON COLLECTION)

Reminisce the golden era of tea with this eclectic collection of Ceylon's finest. The four varieties available in this range are what has made Ceylon tea famous today around the globe with its unique taste and aroma. The Golden Ceylon range is available as leaf tea packs to be enjoyed plain, with or without sweetener.

HORECA COLLECTION

A single chamber string and tag tea bag is an easy alternative to preparing your cup of tea. Simply let your bag brew in a cup of hot water and enjoy.

GIFT COLLECTION

Heladiv brings you a collection of gift items from the classic wooden compartment boxes to the more chic paper boxes as well as some eco-friendly options. Each of the wooden compartment boxes are filled with luxury foil enveloped tea bags. Complementing them are an exciting array of combination gift options such as tea caddies, plungers and glassware which makes it the perfect gift for the discerning tea connoisseur.

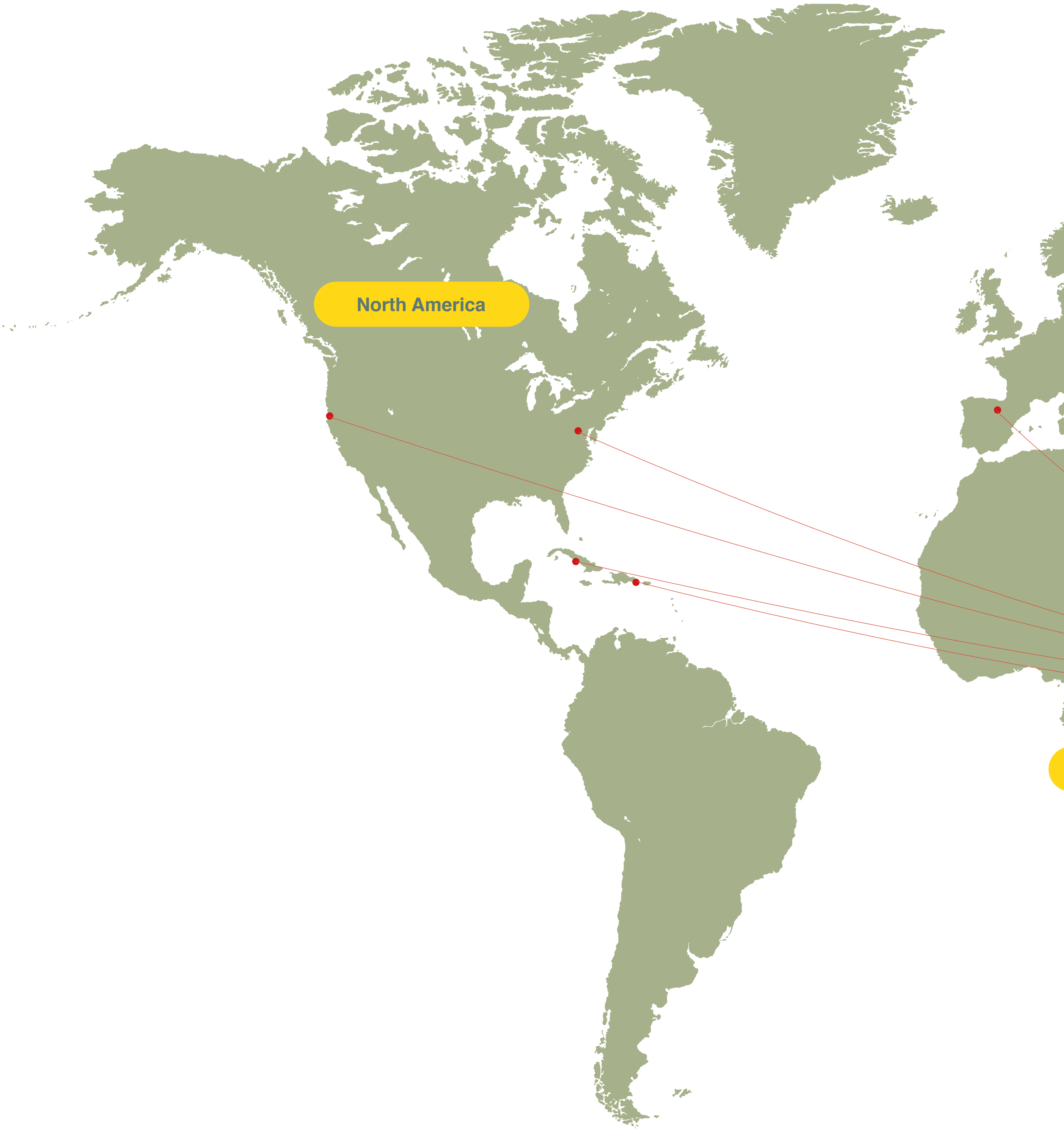
MIXOLOGY COLLECTION

Be your own DIY Mixologist! Step up your perfect party punch or fulfil the nostalgic craves of alone time with a perfect martini or cognac with our wide range of fruit, fresh herb and flavours inspired by combinations that are perfect for making cocktails and mocktails. Enjoy 9 delectable HELADIV mixology flavours with a twist and a whole new punch!

OTHER BRANDS

OUR REACH

Our exports cover over 23 destinations around the world.




CIS
Europe
East Asia
Asia
GCC
Africa
Australia

CHAIRMAN'S MESSAGE

> The turnaround achieved during the year demonstrates the effectiveness of maintaining a consistent strategic direction and translating our priorities into coordinated action across the business. Customer diversification and the development of deeper relationships with existing customers remained key strategic priorities

DEAR SHAREHOLDER,

In a year marked by heightened external pressures and persistent structural challenges, I am extremely proud to report that HVA Foods achieved a hard-earned turnaround, recording strong improvements in both financial and operational performance. This progress demonstrates the effectiveness of our strategic priorities and the commitment with which they were executed. It is my pleasure to present the Annual Report and Audited Financial Statements of HVA Foods PLC for the financial year ended 31st March 2026.

The Group recorded revenue growth of 24% to Rs. 2.27 billion, while Profit for the Year amounted to Rs. 7.10 million compared with a loss of Rs. 139.93 million in the previous year. This recovery reflects the impact of strategic interventions aimed at diversifying our customer and product base, strengthening procurement planning and advancing operational excellence.

NAVIGATING A COMPLEX OPERATING LANDSCAPE

The global economy expanded by 3.4% in 2025, although growth remained uneven amid trade barriers, geopolitical tensions and structural weaknesses across several markets. The intensification of conflict in the Middle East during the latter part of the financial year created further uncertainty. Freight and insurance costs increased, while logistical constraints made it increasingly difficult to fulfil customer orders within the required timelines. These challenges were particularly significant given the importance of the Middle East to the Ceylon Tea industry and the Group's customer base.

While global tea production increased to an estimated 7.3 million tonnes in 2025, persistent oversupply and disruption to traditional trade flows kept global tea prices subdued. More than 70% of global production was retained for consumption within producing countries, highlighting the changing structure of global tea demand and the importance of developing diversified export markets.

Sri Lanka's economy expanded by 5% in 2025 as macroeconomic conditions continued to stabilise. Lower interest rates provided some relief to businesses, with the Overnight Policy Rate reduced to 7.75% during the year. However, the depreciation of the Sri Lankan Rupee against the US Dollar increased the cost of imported inputs, while locally sourced packaging materials and other operating costs remained under pressure. These impacts were partly mitigated by relatively subdued tea prices and lower market interest rates.

The domestic tea industry recorded a marginal increase in production to 264.12 million kg, while export volumes grew by 5% to 257.44 million kg. Value-added products accounted for 59% of tea exports, reinforcing the importance of product diversification within the industry. Nevertheless, low productivity, climate variability, rising costs and competition from lower-cost producing countries continued to affect the industry. Geopolitical developments are expected to remain an important factor over the near term, particularly in relation to shipping, insurance costs and demand across key markets.

STRATEGY TRANSLATING INTO PERFORMANCE

The turnaround achieved during the year demonstrates the effectiveness of maintaining a consistent strategic direction and translating our priorities into coordinated action across the business. Customer diversification and the development of deeper relationships with existing customers remained key strategic priorities. The work undertaken in the previous year to position HVA Foods as a trusted and responsive partner began to deliver meaningful results, with customers placing greater confidence in the Group and purchasing higher volumes. During the severe logistics disruptions experienced in February and March, our teams worked closely across procurement, production and logistics to meet shipping targets, fulfil orders and protect customer relationships.

The Group maintained a strong focus on cost rationalisation and improving efficiency across its operational processes. Our tea-buying expertise enabled us to optimise procurement plans and pricing while supporting more effective working capital management.

Product diversification continued to create new avenues for growth. The flavours business was refocused during the year, and new tea flavours were introduced to some of our largest existing customers. This strengthened customer relationships and demonstrated the commercial value of our product development capabilities. The herbal infusion business also gained traction during the year.

The benefits of these strategic and operational improvements were evident across the Group's financial performance. Gross Profit increased by 91% to Rs. 330.15 million, while the Gross Profit Margin improved to 15% from 9%. The Group returned to operating profitability, recording an Operating Profit of Rs. 101.93 million compared with an Operating Loss of Rs. 19.01 million in the previous year. Stronger working capital management and lower interest rates contributed to a 20% reduction in net finance expenses, while total borrowings, including bank overdrafts, declined by 4%. Total assets increased by 10% to Rs. 1.24 billion, while the return to profitability supported a gradual improvement in the Group's equity position.

RESPONSIVE GOVERNANCE

The Board continued to strengthen the governance processes supporting the Group's strategic and operational progress. Particular attention was placed on improving internal processes, preserving the quality of working capital assets and creating greater efficiency across production and order fulfilment. The Board also maintained close oversight of financial performance, internal controls and the systems required to sustain the turnaround achieved during the year.

The continued implementation of SAP and the automation of blending processes represented an important advancement in the Group's digital infrastructure. These initiatives have strengthened management visibility across the value chain by providing more reliable information to support informed decision-making and effective oversight. They have also reinforced the control environment around tea blending, supporting greater consistency and accountability across the business.

CHAIRMAN'S MESSAGE

The Board continued to strengthen the governance processes supporting the Group's strategic and operational progress. Particular attention was placed on improving internal processes, preserving the quality of working capital assets and creating greater efficiency across production and order fulfilment.

TURNING RISK INSIGHT INTO ACTION

The Group made significant progress in strengthening its approach to risk management during the year. Comprehensive risk registers are reviewed quarterly and supported by risk dashboards that provide the Board with clear visibility over changes in exposure and the progress of mitigating actions. Identified risks are translated into defined actions with assigned responsibilities and timelines, creating a practical and accountable approach to risk management.

Our principal risks remain largely externally driven and include geopolitical developments, climate and weather-related impacts, market price volatility, foreign exchange movements and disruptions to international trade. These risks are closely interconnected and can affect tea availability, input costs, customer demand and the timely fulfilment of orders. I commend the management team for developing a comprehensive and action-oriented risk management process that supports timely decision-making across the Group.

ADVANCING OUR SUSTAINABILITY JOURNEY

During the year, we continued to formalise our approach to sustainability and developed a roadmap for alignment with SLFRS S1 and S2. This roadmap will strengthen Board and management oversight, improve the identification of sustainability-related risks and opportunities and establish more structured processes for data collection and internal reporting.

As a business operating within an agricultural value chain, HVA Foods PLC is closely connected to climate, land use, tea productivity and responsible sourcing. Integrating these considerations into our governance, risk management and reporting processes will support more informed decision-making and strengthen the connection between sustainability-related matters and financial performance.

BUILDING ON THE TURNAROUND

We enter the new financial year with cautious optimism, supported by the turnaround achieved in 2025/26 and a stronger platform for continued progress. Volatility across our key markets is expected to persist, particularly in the Middle East, making near-term forecasting difficult. The Group will therefore remain focused on diversifying its customer and market base, optimising operational costs and continuing the journey of efficiency that supported this year's performance.

While the Middle East will remain an important market, we will pursue opportunities in Japan and other Far Eastern markets to achieve greater geographical balance. Growing our existing customer portfolio will remain equally important as we continue to strengthen trust, responsiveness and the overall customer value proposition.

Innovation will remain central to the Group's future direction. We see further opportunities in herbs, flavours, cinnamon and ingredients as consumer preferences shift towards new forms of tea consumption. Growing interest among younger consumers in ready-to-drink products, tea concentrates and wellness-focused beverages presents opportunities for HVA Foods PLC and the wider Ceylon Tea industry. Our deep product knowledge and development capabilities position us to respond to these trends with relevant and differentiated offerings.

ACKNOWLEDGEMENTS

I extend my appreciation to my fellow Directors for their guidance and continued oversight during the year. I also commend the leadership team and all employees of HVA Foods PLC for the commitment and teamwork that delivered a significantly improved result under challenging conditions.

I wish to thank our parent company for its continued faith and unstinting support. My appreciation also extends to our customers, suppliers, business partners, shareholders and all other stakeholders whose confidence and cooperation remain essential to our progress. As we move forward, we remain cautiously optimistic about the opportunities ahead and committed to building on the turnaround achieved during the year.

S.P.S. Ranatunga
Chairman

24th August 2026

BOARD OF DIRECTORS

S. P. S. Ranatunga

Independent Non-Executive Director / Chairman

SKILLS AND EXPERIENCE

Mr. S.P.S. Ranatunga was the Managing Director of CIC Holdings PLC from 2010 to 2019. He joined the Company as an Executive in 1988 and held various senior positions and was Director of main subsidiaries of CIC Holdings PLC namely Chemanex PLC and Link Naturals Pvt Ltd and was the Chairman of Agroworld (Pvt) Ltd.

Mr. Ranatunga served on the Board of Directors of Seylan Bank PLC from 2010 – 2019. During this tenure, he chaired the Risk, Human Resources, Nomination, Marketing and Strategic Planning Committees of the Bank and served as a member of the Audit Committee. He was also the Chairman of Ceylon Chamber of Commerce from 2015 – 2017. Since 2019, he headed the pioneering Clinical Research Company, RemediumOne (Pvt) Ltd in Sri Lanka which is a public-private partnership with the University of Kelaniya.

In late 2023, he was appointed as the Chairman of Agricultural Modernisation taskforce of the Presidential Secretariat.

He holds directorships in seven other companies:

INDEPENDENT NON-EXECUTIVE DIRECTOR

Citrus Leisure PLC (Chairman)

George Steuart and Company Limited

Hikkaduwa Beach Resort PLC (Chairman)

Remediumone (Pvt) Ltd

Spectrify AI Agro Technology (Pvt) Ltd (Chairman)

V S Information Systems Group (Pvt) Ltd

Waskaduwa Beach Resort PLC (Chairman)

V. S. A. Fernando

Non-Executive Director

SKILLS AND EXPERIENCE

Ms. V. S. A. Fernando is the co-founder of Triad, the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions.

Ms. Fernando also serves as a Director in many companies including Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, TV Derana and FM Derana. She is also a Director of George Steuart Group, which is the oldest corporate house and one of the largest conglomerates in Sri Lanka, diversified into almost every industry. Her stamp on corporate Sri Lanka is accentuated by her belief that 'Sri Lanka Can', which has been the driving principle behind the Group's ventures

Ms. Fernando read for her LLB at the University of Colombo and is an Attorney-at-Law. She also holds a Diploma in Advertising from L'Ecolede Publicitaire, Paris.

She holds directorships in fifty three other companies :

EXECUTIVE DIRECTOR

Adpack Productions (Pvt) Ltd
Emagewise (Pvt) Ltd
Hammer BTL (Pvt) Ltd
Hardtalk (Pvt) Ltd

BOARD OF DIRECTORS

Kites Global (Pvt) Ltd
Power House Ltd
Printage (Pvt) Ltd
Sarva Integrated (Pvt) Ltd
Thirty five km (Pvt) Ltd
Triad (Pvt) Ltd

NON-EXECUTIVE DIRECTOR

Asia Commerce Exports (Pvt) Ltd
Asia Commerce Holdings Ltd
Citrus Aqua Limited
Citrus Leisure PLC
Citrus Silver Ltd
Citrus Vacations Limited
Derana Macroentertainment (Pvt) Ltd
Divasa Equity (Pvt) Ltd
Divasa Holdings (Pvt) Ltd
Hammer Digital (Private) Limited
Hammer Engineering Ltd
HVA Beverages (Pvt) Ltd
HVA Farms (Pvt) Ltd
HVA Fine Teas (Pvt) Ltd
HVA Holdings (Pvt) Ltd
HVA Lanka Exports (Pvt) Ltd
HVA Foods PLC
Imageline (Pvt) Ltd
Lake Drive Holdings (Pvt) Ltd
Liberty Publishers (Pvt) Ltd
Mantram (Pvt) Ltd
Spaacs (Pvt) Ltd
Taprobane Street (Pvt) Ltd
Third World Operations (Pvt) Ltd
Triadhot.com (Pvt) Ltd
Waskaduwa Beach Resort PLC
Gree Lanka (Pvt) Ltd
George Steuart Ethicals (Pvt) Ltd
George Steuart and Company Limited
George Steuart Aviation (Pvt) Ltd
George Steuart Travels Limited
George Steuart (Exports) Limited
George Steuart Health (Pvt) Ltd
George Steuart Holidays (Pvt) Ltd
George Steuart Solutions (Pvt) Ltd
George Steuart Industries (Pvt) Ltd
George Steuart Telecom (Pvt) Ltd
George Steuart Insurance Brokers (Pvt) Ltd
George Steuart Investments (Pvt) Ltd
George Steuart Capital (Pvt) Ltd
George Steuart Consumer (Pvt) Ltd
George Steuart Optimise (Pvt) Ltd
George Steuart Education (Pvt) Ltd
George Steuart Recruitment (Pvt) Ltd

S. A. Ameresekere

Non-Executive Director

SKILLS AND EXPERIENCE

Sarva is the Group Chairman of George Steuart & Co., Sri Lanka's oldest business entity established in 1835. He plays a pivotal role in the management and strategic planning of the Group's diversified sectors including healthcare, tea exports, financial services, travel, leisure, industrial solutions and FMCG. Accordingly, Sarva holds several key positions within the Group, including directorships of all of its listed Subsidiaries and Affiliates including Citrus Leisure PLC and its subsidiaries, Colombo Land and Development Company PLC, and H V A Foods PLC.

Sarva also served as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading integrated communication entities up to early 2024, where he now remains as an Executive Director. The Triad Group integrates a cluster of specialised communications companies that offer its clients an unmatched holistic and synchronised communication solution.

Qualified in both business and engineering, Sarva has extensive local and foreign exposure in diverse areas of business. He holds a Master's Degree in Engineering Management from the University of Southern California, Los Angeles, and a Bachelor's Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor, USA.

He holds directorships in forty three other companies :

EXECUTIVE DIRECTOR

Colombo Land and Development Company PLC

George Steuart and Company Limited (Group Chairman)

Triad (Pvt) Ltd

NON-EXECUTIVE DIRECTOR

Adpack Productions (Pvt) Ltd
Agrispice (Private) Limited
Anantya Global Solutions Company Limited
Asia Commerce Holdings Ltd
Ceylon Grid Services (Pvt) Ltd
Citrus Leisure PLC
Citrus LT (Pvt) Ltd
Diva Osu Ayurveda (Pvt) Ltd
Divasa Equity (Pvt) Ltd
Divasa Real Estate (Pvt) Ltd
Emagewise (Pvt) Ltd
George Steaurt Ethicals (Pvt) Ltd
George Steuart Aviation (Pvt) Ltd
George Steuart Capital (Pvt) Ltd
George Steuart Consumer (Pvt) Ltd
George Steuart Education (Pvt) Ltd
George Steuart Exports (Pvt) Ltd
George Steuart Health (Pvt) Ltd
George Steuart Holidays (Pvt) Ltd
George Steuart Industries (Pvt) Ltd
George Steuart Insurance Brokers (Pvt) Ltd
George Steuart Investment (Pvt) Ltd
George Steuart Recruitments (Pvt) Ltd
George Steuart Solutions (Pvt) Ltd
George Steuart Telecom (Pvt) Ltd

George Steuart Travels Limited

George Steuart Optimize (Pvt) Ltd

Gree Lanka (Pvt) Ltd

H V A Holdings (Pvt) Ltd

Hardtalk (Pvt) Ltd

Hikkaduwa Beach Resort PLC

James Steuart (Pvt) Limited

Kites Digital (Pvt) Ltd

Kites Global (Pvt) Ltd

Liberty Developers (Pvt) Ltd

Liberty Holdings Limited

Mango Publishes (Pvt) Ltd

Three Fifty at Union (Pvt) Ltd

Traidhot.com (Pvt) Ltd

Waskaduwa Beach Resorts PLC

M. P. D. Cooray

Independent Non-Executive Director

SKILLS AND EXPERIENCE

Mr. Cooray is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the United Kingdom.

He has worked with Ernst & Young for over 40 years of which 30 years was as a Senior Assurance and Talent Partner. He functioned as the Deputy Managing Partner from 2016 to 2019 and served as a member of Ernst & Young's Management Committee from the time the Management Committee was established in 1998 until his retirement in 2019. He was instrumental in establishing the Ernst & Young Practice in the Republic of Maldives in 1995 and functioned as the Partner responsible for the overall management of the Maldivian Practice from its inception. He represented Sri Lanka and Maldives for a number of years in the EY ASEAN Regional Partner Forum. He was seconded to EY USA for a year, where practical experience was gained by being part of assurance teams that performed audit engagements on several large enterprises.

Mr. Cooray also spearheaded the Ernst and Young Sri Lanka/ Maldives Family Business Centre for Excellence which was instrumental in sending several eminent second-generation family members to business schools worldwide. He has also served as a member of the Council of the Chartered Institute of Management Accountants UK.

He holds directorships in fourteen other companies:

EXECUTIVE DIRECTOR

Management Systems (Pvt) Ltd (Managing Director)

Secretarial Services (Pvt) Ltd

SENIOR DIRECTOR

Hatton National Bank PLC

INDEPENDENT NON-EXECUTIVE DIRECTOR

United Motors Lanka PLC (Chairman)

Jat Holdings PLC

Jetwing Symphony PLC

The Lighthouse Hotel PLC

George Steuart and Company Limited

Dutch Lanka Engineering (Pvt) Ltd (Chairman)

Dutch Lanka Trailer Manufacturers Ltd (Chairman)

U M L Heavy Equipment Limited (Chairman)

U M L Property Developments Limited (Chairman)

Unimo Enterprises Limited (Chairman)

NON-EXECUTIVE DIRECTOR

The Children Heart Project of Sri Lanka

BOARD OF DIRECTORS

S. U. Dassanayake

Executive Director/
Chief Operating Officer

SKILLS AND EXPERIENCE

Mr. S. U. Dassanayake counts over 14 years of corporate experience mainly in the FMCG industry. He has held roles in Sales, Trade Marketing and Brand Management in both local and multi-national companies such as Ceylon Tobacco Company (BAT), Unilever and Hemas FMCG. During Mr. Dassanayake's career, he has been a part of crafting brand activities, campaigns and Route To Market (RTM) strategies for local and international brands. He is also exposed to export market development through value added Spices & Herbal Tea. He holds a MBA from the University of Bedfordshire (UK) and a Degree in Business Administration from the University of Staffordshire (UK). He is also a past committee member of the Tea Exporters Association (TEA) and currently a Council Member of the National Chamber of Exporters.

He holds directorships in five other companies:

EXECUTIVE DIRECTOR

Biogen Organic (Pvt) Ltd
Exseth International (Pvt) Ltd
Seven Sails Meritime (Pvt) Ltd
Magnum Consultancy (Pvt) Ltd
Tres Links (Pvt) Ltd

C. G. Stork

Executive Director/
Chief Executive Officer

SKILLS AND EXPERIENCE

Mr. Stork has over 30 years of experience in the tea trade including at Expoteas Ceylon (Pvt) Ltd., Hemas Commodities (Pvt) Ltd and 17 years at our very own George Steuart Teas. Apart from his multifaceted experience in tea, Graham is also specialised in herbs and flavours. Over the years, Graham had established The Herbal Storage (Pvt) Ltd., which imported herbal infusions for the tea industry and he was a founder partner of Marah Trading (Pvt) Ltd., which provided tea bagging services and was the first tea packing factory to obtain FSSC certification in Sri Lanka. He also established a Tea School, Australian Tea Masters Ceylon (Pvt) Ltd., under the guidance of Australian Tea Masters (Melbourne).

He holds directorships in one other company:

EXECUTIVE DIRECTOR

The Herbal Storage (Pvt) Ltd

ORGANISATIONAL OVERVIEW

HVA takes the heritage of Sri Lankan tea to consumers across the world, translating the character and quality of Ceylon tea into products developed for diverse markets, customer preferences and consumption occasions. Through our established private label manufacturing capabilities, we seek to preserve the authenticity of Sri Lankan tea while presenting it in forms that remain relevant to an evolving global market. Our extensive portfolio spans traditional teas, flavoured and herbal infusions, wellness products and ready-to-drink beverages, supported by a consistent focus on quality across sourcing, product development, manufacturing and delivery.

WHAT SETS US APART

Diverse product offering

Our extensive product portfolio spans traditional teas, flavoured and herbal infusions, wellness products and ready-to-drink beverages, catering to diverse markets and preferences.

Quality Focus

We maintain global standards for food safety and quality across sourcing, product development, manufacturing and delivery.

Sustainability

Certifications such as Rainforest Alliance and Organic Regulations support our commitment to responsible sourcing and more sustainable practices across the tea value chain.

Strength of Relationship

Strong, long-standing relationships across the value chain enable us to source consistently, respond to customer requirements and deliver reliable quality across markets.

OUR IMPACTS

National Contribution

We strengthen Sri Lanka's global tea presence through value-added exports that generate foreign exchange and showcase the versatility of Ceylon tea.

Employee value creation

General employment, skills development and opportunities to contribute within a globally focused tea business.

Local procurement

Supporting local suppliers through continued sourcing, long-term relationships and participation in the value-added tea supply chain.

Government

Generating foreign exchange, contributing taxes and strengthening Sri Lanka's position in global value-added tea markets

VALUE CREATION MODEL

As we transition towards the Integrated Reporting Framework, we have mapped our value creation model to illustrate the resources and relationships we rely on most and how these are transformed through our business activities into outputs and outcomes that create value for our stakeholders. The Group's value creation model is illustrated below:

INPUTS

FINANCIAL CAPITAL

Shareholders' funds: (64.29 Mn)

Borrowings: Rs.947.48 mn

(Page 32)

MANUFACTURED CAPITAL

Property, plant and equipment of Rs.34.22 mn including,

- Plant and machinery
- Stores equipment
- Motor vehicles

(Page 40)

HUMAN CAPITAL

- Skilled workforce of 53% employees with deep industry insights
- Organisational culture

(Page 42)

SOCIAL & RELATIONSHIP CAPITAL

- Established relationships across the tea value chain
- Customer relationships
- Community relationships

(Page 35)

INTELLECTUAL CAPITAL

- Product knowledge and market insights
- Brand equity and reputation
- Systems, processes and digital platforms

(Page 38)

NATURAL CAPITAL

- Energy consumption 38,113 Kwh
- Water consumption 1.975 Mn Litres

VALUE TRANSFORMATION

VISION

To make H V A Foods PLC a truly global company dealing in every kind of tea and tea-based products

Key activities

Sourcing and supply chain management

Product development, blending and flavor innovation

Quality assurance and food safety management

Private label manufacturing and packaging

Brand development and customer engagement

After-sales support and customer relationship management

Strategic priorities

Diversification → Market expansion → Product quality → Operational excellence

OUTPUTS	
	Private label products
	HELADIV-branded products
	Value-added tea and beverage products
	Environmental Impacts
	Waste generation
	Emissions

STAKEHOLDER OUTCOMES

SHAREHOLDER

- Profit for the year: Rs. 7.10 mn
- Earnings per share: Rs.0.03

CUSTOMERS

- Safe, high-quality and innovative tea products
- Products tailored to meet emerging customer requirements
- Reliable service delivery

EMPLOYEES

- Employee engagement and well-being
- Opportunities for career and skill development
- Safe and inclusive work culture

SUPPLIERS

- Access to international markets
- Continued demand and income opportunities
- Knowledge sharing

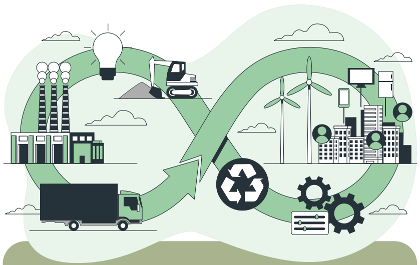
GOVERNMENT

- Foreign exchange earnings generated
- Employment generation
- Stronger global positioning for Ceylon Tea

STAKEHOLDER ENGAGEMENT

As part of an extensive global tea value chain, HVA Foods engages with a diverse range of stakeholders whose needs and expectations influence our business. Regular engagement enables us to understand evolving preferences, respond effectively and make informed decisions across product formulation, sourcing and market expansion. A summary of the Group's stakeholder engagement is set out below:

Stakeholder	Methods of engagement	Needs and expectations
 **Shareholders**	• Annual General Meeting • Annual and interim financial reports • Colombo Stock Exchange announcements • Direct shareholder communications	• Sustainable returns and long-term growth • Transparent and timely information • Strong governance and risk management
 **Employees**	• Staff meetings and management communications • Performance appraisals • Employee feedback and grievance mechanisms • Open door culture	• Fair remuneration and employee benefits • Job security and career development • Ongoing investments in training and development • Safe, inclusive and engaging working conditions
 **Customers**	• Meetings through the Group's marketing and sales teams • Product samples and quality reviews • Customer feedback and complaint management • International trade exhibitions and B2B forums	• Consistent quality and food safety • Competitive pricing and reliable delivery • Product and packaging innovation • Responsive service and products tailored to market needs

Stakeholder	Methods of engagement	Needs and expectations
 **Suppliers**	• Commercial negotiations and regular discussions • Quality assessments and product evaluations • Engagement through brokers at the Colombo Tea Auction • Direct sourcing relationships	• Fair and transparent commercial terms • Timely payments • Stable demand and long-term relationships • Transparent and responsible sourcing practices
 **Government/Regulators**	• Regulatory filings and statutory submissions • Engagement with relevant authorities and industry bodies	• Compliance with applicable laws and regulations • Timely payment of taxes and statutory dues • Foreign exchange generation and employment creation • Food safety and responsible business practices
 **Community**	• Ongoing CSR initiatives • Engagement through employees and local relationships • Relationships across the local tea value chain	• Employment and livelihood opportunities • Educational and social support • Responsible sourcing practices • Management of environmental and social impacts

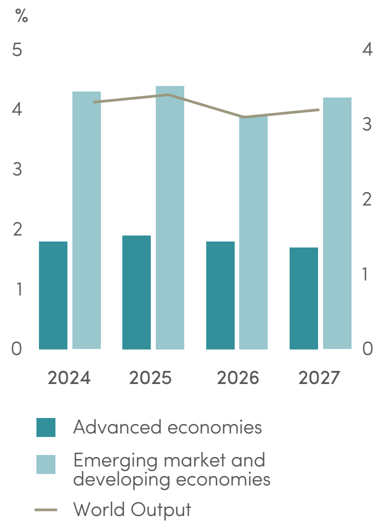
OPERATING ENVIRONMENT

GLOBAL ECONOMIC ENVIRONMENT

The global economy grew by 3.4% in 2025, supported by accommodative financial conditions, policy support and continued investment in technology. Growth remained uneven, as higher trade barriers, geopolitical tensions and structural weaknesses affected regions and sectors differently.

The outbreak of conflict in the Middle East in February 2026 significantly altered the outlook, increasing energy prices, inflation expectations and financial market uncertainty. According to the International Monetary Fund's World Economic Outlook's reference forecast, global growth is expected to moderate to 3.0% in 2026 while headline inflation is projected to rise to 4.7%. A longer or more widespread conflict presents further risks through higher commodity prices, tighter financial conditions and disruptions to global trade.

Global economic growth



GLOBAL TEA INDUSTRY

Global tea production increased by an estimated 2.5% to 7.3 million tonnes in 2025, supported by higher output in China (+4.8%), India (+5.1%) and Vietnam (+36%). Kenya recorded an 8% decline during the year. China and India continued to dominate global supply, collectively accounting for close to 73% of total production.

Demand became increasingly concentrated within producing countries, with more than 70% of global production retained for domestic consumption. China and India together accounted for the majority of global demand, highlighting the growing importance of domestic markets in shaping industry dynamics.

Geopolitical tensions, shifting tariffs and disruptions to shipping routes unsettled traditional trade flows and weakened import demand across several key markets. Combined with persistent oversupply, these conditions kept global tea prices subdued. The outlook remains stable but cautious, shaped by excess supply, climate-related risks and continued geopolitical uncertainty.

Key developments which shaped our major markets are summarised below:

Europe	The euro area grew by 1.4% in 2025, although performance remained uneven across its major economies. Europe remains an important market for premium, herbal and responsibly sourced teas, although price sensitivity and increasingly stringent food safety, traceability and sustainability requirements continue to shape market access.
Middle East	Economic activity across the Middle East was supported by oil production, domestic demand and investment, with the United Arab Emirates and Saudi Arabia growing by 5.8% and 4.5% respectively in 2025. However, geopolitical conflict during the year led to increased uncertainty around energy markets, shipping routes, inflation and regional demand.
Commonwealth of Independent States	Economic conditions across the CIS were mixed in 2025, with subdued growth in Russia and Belarus alongside stronger expansion in Kazakhstan. While the region remains an established market for black tea, exchange rate volatility, escalation in freight rates and changing logistics routes continued to affect trade and constrain growth prospects

SRI LANKAN ECONOMY

Sri Lanka's economy expanded by 5.0% in 2025, supported by continued macroeconomic stabilisation, a stronger political mandate and greater policy continuity. Fiscal and tax reforms, enhanced governance measures and broader structural reforms contributed to strengthening investor confidence and sustaining the country's economic recovery.

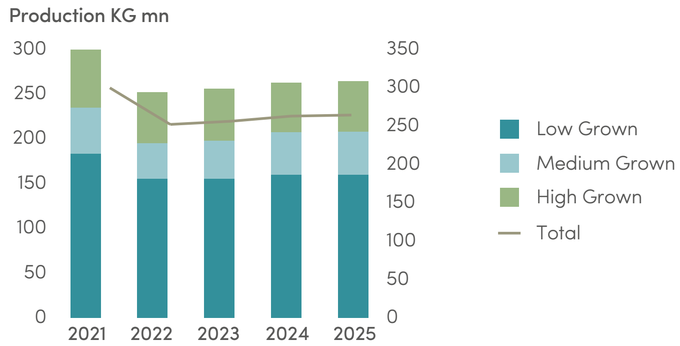
However, the widespread destruction caused by Cyclone Ditwah in late 2025 resulted in significant human and economic costs, disrupting agriculture, infrastructure and livelihoods, particularly across affected plantation and rural communities. The impact is expected to weigh on near-term growth and increase reconstruction-related fiscal pressures. Heightened geopolitical tensions, elevated commodity and energy prices and subdued global growth also present risks to export demand, input costs and overall economic stability.

Interest Rates: Monetary policy remained accommodative during the year, supported by subdued inflation. The Central Bank reduced the Overnight Policy Rate to 7.75% in May 2025, contributing to lower market interest rates, improved liquidity and stronger private sector credit growth, which accelerated to 24.8% during the year.

Exchange Rates: The Sri Lankan Rupee depreciated by 6.3% against the US Dollar during the financial year ended March 2026, reflecting continued market adjustments alongside the economic recovery. The weaker Rupee increased the local currency value of export earnings while also raising the cost of imported inputs and other foreign currency-denominated expenses.

SRI LANKAN TEA INDUSTRY

Sri Lanka- Tea Production



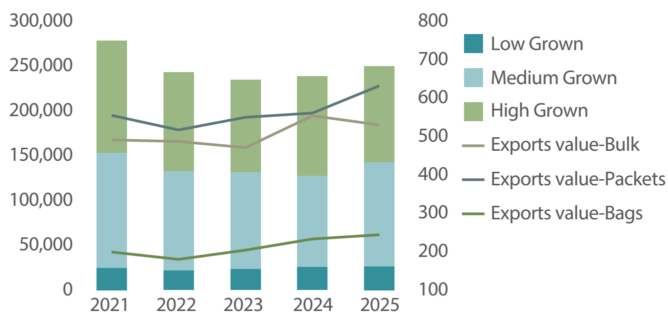
Sri Lanka's tea industry continued to operate amid long-standing structural challenges, including low productivity, rising labour and input costs, climate variability and increasing competition from lower-cost producing countries. Despite these pressures, national tea production increased marginally by 1.43 million kg to 264.12 million kg in 2025, with growth recorded across the High, Medium and Low Grown elevations. The improvement supported a higher volume of tea entering the auction and export markets, although production remained below the levels required to materially improve the industry's cost competitiveness

Tea exports: Tea export volumes increased by 4.7% to 257.44 million kg in 2025, compared to 245.79 million kg in the previous year. Growth was driven by packeted tea, tea bags, instant tea and green tea while bulk tea exports declined. Value-added products accounted for an 11-year high of 59% of total exports, demonstrating the continued shift towards higher-value formats.

Category	Total volume (KG mn)	Growth % (y-o-y)
Bulk tea	106.80	-3.8
Tea packets	116.25	14.2
Tea bags	26.44	3.4
Green tea	4.92	5.0

Tea prices: Average export prices remained subdued during the year, with the Rupee-denominated FOB value declining marginally by Rs. 2.91 to Rs. 1,760.70 per kg while the US Dollar value increased by USD 0.01 to USD 5.85 per kg. Accordingly, export earnings growth was driven primarily by higher volumes rather than price gains. FOB values declined for bulk and packeted tea while tea bags, instant tea and green tea recorded improvements, reinforcing the importance of a more diversified export mix.

Sri Lanka- Tea Exports



DETERMINING MATERIALITY

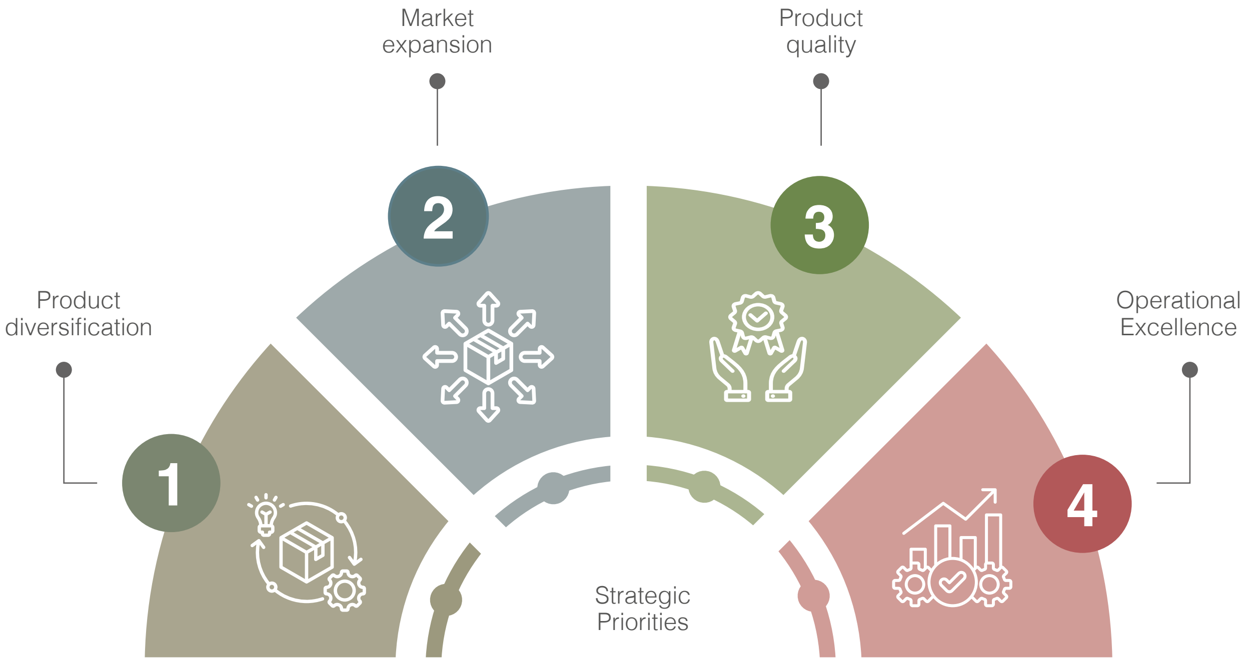
This year's report clearly identifies the matters that are most material to HVA Foods and its stakeholders. These topics form the backbone of our disclosures and were identified through a review of our operating environment, industry developments, stakeholder expectations, risks and current-year performance. This represents the starting point of our materiality journey, and we will continue to refine the assessment and strengthen the supporting processes over time.

Material topics for 2025/26

Material Topic	Why It Is Material	How We Responded
Economic performance and stability	Sustainable profitability and financial stability are essential in supporting growth and delivering shareholder returns.	Increased revenue through higher customer volumes, improved margins through proactive tea purchasing and strategic emphasis on operational efficiency and stronger working capital management.
Geopolitical dynamics	HVA's dependence on export markets exposes the business to regional conflicts, shipping disruptions, higher freight and insurance costs.	Maintained close coordination across teams and logistics partners, explored alternative shipping channels and continued to fulfill customer delivery requirements.
Market and customer diversification	Concentration in individual markets and customers increases exposure to economic, political and demand-related disruptions.	Strategic emphasis on customer acquisition in new markets through active engagement in trade exhibitions and deeper customer relationships
Input price volatility	Weekly movements in auction prices, exchange rates and packaging costs directly influence margins and the competitiveness of customer pricing.	Applied tea-buying expertise, strengthened procurement planning and improved inventory management
Product quality and food safety	Product quality, consistency and regulatory compliance are fundamental to retaining customer relationships and reputation	Maintained food safety and quality controls, monitored customer complaints, complied with market-specific requirements and obtained an enhanced Halal certification for the Middle Eastern market.
Product diversification and innovation	Changing consumer preferences and competitive pressures require HVA to expand beyond traditional tea and create new sources of revenue.	Scaled the herbal infusion business and introduced new tea flavours and product concepts for existing customers.
Customer relationships and service	Long-term customer relationships support repeat business, volume growth and HVA's positioning as a trusted private label partner.	Improved turnaround times, maintained delivery commitments and supported customers through responsive service and innovative product development
Operational Efficiency and Working Capital	Efficient operations and disciplined working capital management are critical to controlling costs, protecting margins and supporting larger order volumes.	Continued cost rationalisation, productivity improvements and improved supply chain planning and inventory management
Digitalisation and internal controls	Reliable systems and timely information strengthen operational oversight, decision-making and control across blending, production and finance.	Progressed the implementation of SAP and introduced improved systems for blending operations, record keeping, monitoring and process control.
Human capital and expertise	HVA relies on specialised tea-buying, tasting, blending and customer service capabilities that are difficult to replace and central to product quality.	Maintained strong employee retention through active engagement, opportunities for skill development and an open, safe organisational culture
Sustainability and responsible sourcing	Climate conditions, sourcing practices and evolving customer requirements influence tea availability, market access and the long-term sustainability of the value chain.	Maintained sustainability-related certifications and formulated roadmap for improved sustainability and climate-related financial disclosures

STRATEGIC PRIORITIES

Our strategy during 2025/26 remained anchored to the four priorities established in the previous year, with consistent execution supporting the turnaround in performance. Continued focus on these priorities also strengthened the Group's ability to navigate geopolitical volatility and logistics disruptions while enabling us to capture emerging opportunities. Progress against each strategic priority is summarised below and discussed in greater detail in the subsequent sections of this Report.



1 **Product diversification:** We continued to broaden our portfolio beyond traditional tea to create new revenue streams and respond to changing customer preferences. The herbal infusion vertical launched in 2024/25 gained commercial traction during the year, generating sales and validating its growth potential. We also refocused the flavours line and expanded into cinnamon and ingredients during the year.

2 **Market expansion:** Our market expansion strategy focused on acquiring new customers while increasing business volumes with existing clients. Supported by participation in trade fairs and exhibitions, these efforts contributed to Revenue growth of 24% and improved profitability. With exports accounting for the major share of the Group's Revenue, we continued to pursue opportunities across markets while maintaining a strong presence in the Middle East, Japan and other Far Eastern markets have been identified as areas for further development.

3 **Product quality:** Consistent quality and food safety remain central to our position as a trusted private label manufacturer. We continued to monitor product complaints, maintain compliance with customer specifications and strengthen controls across sourcing, blending and delivery. During the year, we also obtained an enhanced Halal certification to meet the requirements of customers in the Middle Eastern market.

4 **Operational excellence:** We focused on improving efficiency across procurement, supply chain and working capital management. Cost rationalisation, waste reduction, proactive tea purchasing and improved inventory planning supported stronger margins and cash flow. Continued digitalisation and close coordination across teams also enabled us to meet delivery commitments despite severe logistics disruptions during the latter part of the year.

COMMITMENT TO SUSTAINABILITY

While the Group is yet to establish a formal sustainability framework, we continue to create environmental and social value through programmes embedded across our operations and relationships. During the year, our efforts centred on supporting our employees, contributing to the community, promoting responsible sourcing and safeguarding product quality and consumer health. Key interventions carried out during the year are listed below

EMPLOYEE VALUE CREATION

Our employees are central to HVA Foods' specialist expertise, service quality and customer relationships. We support an open and engaging workplace through learning and development, exposure to artificial intelligence and employee engagement activities, while strong retention levels preserve the specialist knowledge critical to our operations.

Retention rate: 81%

SKILL DEVELOPMENT AND COMMUNITY SUPPORT

Our community engagement focused on creating meaningful opportunities through the expertise available within the Company. During the year, we conducted a tea-tasting programme for a group of four to five students from a school for the visually impaired, providing them with practical exposure to tea evaluation and helping strengthen their employability.

PRODUCT SAFETY

The Group promotes consumer health and wellbeing through responsible product development, recognised food safety and quality standards and the continuous monitoring of product-related complaints. We also responded to new labelling requirements in selected markets reinforcing our commitment to transparent and accurate product information that enables consumers to make informed choices.

RESPONSIBLE SOURCING

Responsible sourcing is vital in maintaining the integrity of our products and responding to the growing expectations of customers and consumers. The Rainforest Alliance certification supports the responsible sourcing of tea and provides customers with greater assurance regarding environmental and social practices within the supply chain. We also seek to build close relationships with suppliers and source packaging materials locally where practical, supporting domestic businesses while improving supply-chain efficiency. Imported materials, including tins, are procured in line with the quality requirements of our customers and products.

READINESS FOR SLFRS S1 AND S2 DISCLOSURES

The SLFRS S1 and S2 Sustainability Disclosure Standards will become mandatory for the Group from the next financial year. In preparation, HVA Foods PLC is adopting a practical and phased approach to strengthening its sustainability-related financial disclosures. As a tea exporter and private label manufacturer operating within a value chain closely connected to climate, land use, agricultural productivity and supply chain resilience, environmental and social considerations form an important part of our risk landscape. The introduction of these standards provides an opportunity to bring greater structure and consistency to the way we identify, assess and communicate sustainability-related risks and opportunities.

Our immediate focus will be on establishing the governance, risk management and internal reporting processes required to progressively align with the standards. This will include strengthening oversight at Board and management level, improving the identification of sustainability-related risks and opportunities, refining data collection processes and enhancing connectivity between sustainability information and financial reporting. We intend to apply the transition reliefs available to first-time adopters during the initial year and progressively improve the depth, comparability and maturity of our disclosures thereafter.

The roadmap for achieving full compliance with the new standards are set out below:

2026/27

- Reporting of climate-related risks and opportunities in line with the available transitional relief
- Disclosure of the Group's Scope 1 and 2 GHG emissions
- Commence qualitative disclosures on financial effects

2027/2028

- Widen disclosures to broader sustainability-related risks
- Drive increased integration of SRRO/CRRO management to existing risk management frameworks

2028/29

- Commence quantitative disclosures on financial affects
- Further improvements in Scope 3 emission reporting

CAPITAL MANAGEMENT

FINANCIAL CAPITAL

HVA Foods PLC delivered a strong turnaround in 2025/26, with robust top-line growth and improved operational execution driving a return to operating profitability. Disciplined working capital management and lower finance costs reinforced this progress, enabling the Group to close the year with positive earnings.

Highlights of 2025/26

Revenue
Rs.2,274.80 mn
(+24%)

Profit for the year
Rs.7.10 mn

Total Assets
Rs.1,241.12 mn
(+10%)

Customer growth
Deeper penetration among existing customers remained the primary growth driver

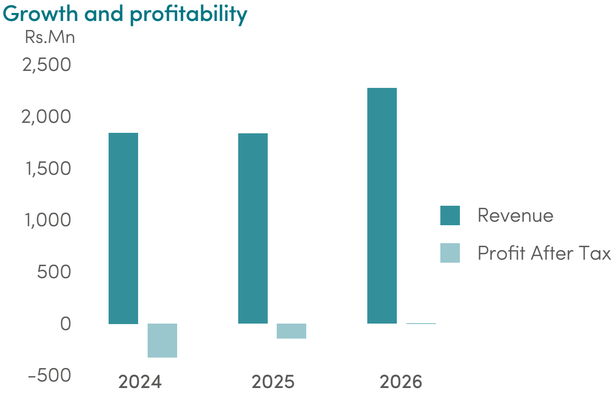
Margin expansion
Disciplined purchasing, improved pricing and operating efficiencies strengthened margins and supported the return to profitability

Financial discipline
Stronger working capital management reduced finance costs and borrowings while strengthening the Group's liquidity position

REVENUE

The Group's turnaround during the year was supported by strong top line growth with Revenue increasing by 24% to Rs. 2,274.80 mn, demonstrating the effectiveness of the Group's strategic focus on customers and markets. Higher volumes from existing customers remained the main driver of growth, supported by new customer wins that broadened the revenue base. Improved turnaround times enabled the Group to respond faster to customer requirements and complete orders within shorter shipping windows. The herbal infusion vertical also began contributing to revenue, validating the Group's diversification strategy.

Growth and profitability



OPERATING PROFITABILITY

Gross profit increased by 91% to Rs. 330.15 mn during the year with the gross profit margin broadening to 15% from 9% in the previous year. This improvement reflects the impact of a more disciplined approach to tea purchasing and pricing while cost rationalisation and stronger supply chain planning provided further support. Distribution expenses increased by 79% to Rs. 29.28 mn amid challenging logistics conditions while Administration expenses increased by 12% to Rs. 207.64 mn. However, the improvement in gross profitability enabled the Group to reverse the operating loss recorded in the previous year, with Operating Profit reaching Rs. 101.93 mn compared with an operating loss of Rs. 19.01 mn in 2024/25, while the operating margin improved to 4.5% from a negative 1.0%.

PROFITABILITY

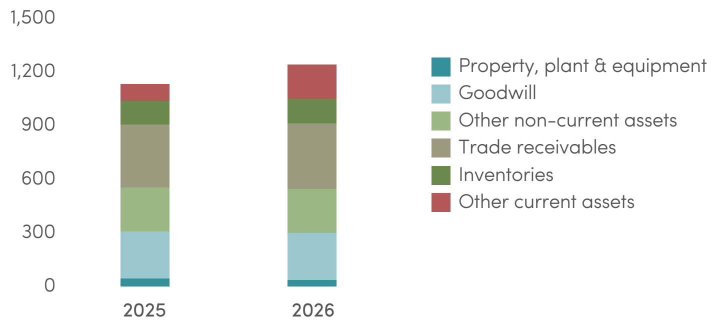
Net finance expenses decreased by 20% to Rs. 96.90 mn driven primarily by lower interest rates and stronger working capital management. The improvements achieved across revenue, margins and finance costs culminated in the Group's return to profitability, with the Group generating a Profit Before Tax of Rs. 5.03 mn, compared to a Loss Before Tax of Rs. 139.68 mn in the previous year. Meanwhile the Group's Profit for the Year amounted to Rs. 7.10 mn compared with a loss of Rs. 139.93 mn in the previous year. The result included an income tax reversal of Rs. 2.07 mn, while Earnings per share improved to Rs. 0.03 from a loss per share of Rs. 0.78.

TOTAL ASSETS

Total assets increased by 10% to Rs. 1,241.12 mn, with growth concentrated in current assets as the Group supported a higher level of business activity. Current assets increased by 20% to Rs. 697.19 mn and accounted for 56% of total assets, compared with 51% in the previous year. The largest movement arose from higher taxes recoverable, which increased prepayments and other receivables to Rs. 89.93 mn. Cash and cash equivalents increased by 54% to Rs. 68.47 mn, strengthening the Group's year-end liquidity position. Net trade receivables increased by 4% to Rs. 366.70 mn despite a reduction in gross receivables, following a lower impairment allowance. Net inventories increased by 7% to Rs. 139.21 mn, while gross inventory levels remained broadly stable.

CAPITAL MANAGEMENT

Asset composition



Non-current assets decreased by 1% to Rs. 543.93 mn and represented 44% of total assets, compared with 49% in the previous year. The decline was mainly attributable to the lower carrying value of operational assets and right-of-use assets. This was partly offset by a 25% increase in capital work-in-progress relating to the ERP system, demonstrating the Group's continued investment in digital infrastructure and stronger operational controls.

TOTAL EQUITY

The Group's negative equity position narrowed by Rs. 6.51 mn to Rs. 64.29 mn, supported by the return to profitability during the year. Accumulated losses reduced by Rs. 7.68 mn to Rs. 1,033.10 mn. While equity remains negative, the turnaround achieved in 2025/26 provides a stronger foundation for its gradual recovery. Sustained profitability and disciplined balance sheet management are expected to strengthen the Group's equity position over the coming years.

LIABILITIES

Total liabilities increased by 9% to Rs. 1,305.41 mn, largely due to the growth in current liabilities required to support the higher level of business activity. Current liabilities thereby increased by 12% to Rs. 1,094.06 mn and accounted for 84% of total liabilities. Meanwhile, Non-current liabilities decreased by 5% to Rs. 211.35 mn, mainly due to the repayment of secured term loans. Total interest-bearing loans and borrowings including bank overdrafts decreased by 4% to Rs. 947.48 mn supporting the reduction in finance costs during the year.

WAY FORWARD

While geopolitical uncertainty and global trading challenges are expected to persist, the Group remains well positioned to build on the turnaround achieved during the year. Continued focus on market expansion, customer growth, operational excellence and disciplined financial management will support sustained profitability and the gradual strengthening of the Group's financial position.

SOCIAL & RELATIONSHIP CAPITAL

The strength of our stakeholder relationships supports the Group's social licence to operate and reinforces our ability to create sustainable value. Trust is built through the way we respond to stakeholder expectations across different markets. These relationships provide the foundation for continued market access and long-term business growth.

Highlights of 2025/26

Customers
6% volume growth

Certifications
10

Customer reach
Stronger relationships with existing customers and new customer acquisition

Customer value proposition
Product innovation, recognised quality frameworks and faster turnaround times

Meaningful social value creation
Educational support and skill development programmes for visually impaired students

CUSTOMER VALUE CREATION

Our products are sold across more than 23 international markets, with the Group continuing to widen its geographical footprint. The Group has established a particularly strong position in the Middle East while continuing to pursue opportunities across other established and emerging markets. Participation in trade fairs and exhibitions supported customer acquisition while strengthening the visibility of our products in international markets.

The Group's customer value proposition centers on 3 key aspects.

INNOVATION

Our portfolio has evolved beyond traditional tea to include modern ready-to-drink variants, superfoods and herbal-infused beverages that respond to growing demand across the wellness, mixology, culinary and HORECA segments.

PRODUCT QUALITY

Product quality is supported by controls across sourcing, blending, packaging and shipment, together with recognised quality frameworks including ISO 22000:2018 and Halal certification. Where required, products are sourced in line with Rainforest Alliance, USDA Organic, EU Organic and JAS Organic requirements.

RESPONSIVENESS

Improvements in planning and order execution enabled the Group to shorten turnaround times during the year. This was particularly important for major customers operating within tight local shipping and distribution windows.

MEASURING CUSTOMER SATISFACTION

Customer and product-related complaints are formally recorded and monitored through the Group's compliance and quality management processes. Insights from these channels support timely resolution and continuous improvement in service delivery. Building on this foundation, the Group is developing a formal customer satisfaction mechanism to provide a more structured view of the customer experience across its markets.

COMMUNITY ENGAGEMENT

We seek to maintain strong relationships with the communities around us through continued investment in corporate social responsibility and social value creation. Our initiatives focus on addressing practical needs while creating opportunities that can deliver a lasting impact.

Key initiatives conducted during the year by company include the following:

During the year, we conducted a specialised tea-tasting programme for a group of students from a school for the visually impaired. The programme provided practical exposure to tea tasting and helped participants develop skills that could strengthen their future employability. One participant was subsequently offered employment by the Group, demonstrating how targeted community initiatives can create meaningful pathways into the workforce.

Mr Graham Stork (CEO/Director) conducted a lecture for students of the Marketing faculty of NSBM Green University on international Marketing of tea as a guest lecturer.

WAY FORWARD

The Group will continue to expand its customer reach by entering new markets and securing new clients, while deepening relationships with existing customers to unlock further growth. Strengthening the customer value proposition will remain a priority, with continued focus on innovation, product quality and responsiveness. These efforts will support sustainable revenue growth and reinforce the Group's position across international markets.

INTELLECTUAL CAPITAL

The Group's Intellectual Capital represents the collective knowledge, expertise and innovation capabilities embedded within HVA Foods PLC. It includes the Group's deep understanding of tea and its product development capabilities which enable the Group to translate changing consumer preferences into commercially relevant products.

Highlights of 2025/26

New products
09

Years of collective experience
100+

Innovation led diversification
New tea flavours, cinnamon-based products and a refocused flavours business expanded the portfolio

Deep organisational knowledge
Specialist expertise in tea quality, buying and pricing strengthened product standards and supported disciplined purchasing

INNOVATION CAPABILITIES

Innovation remains central to the continued evolution of the Group's portfolio and has been a key differentiator and is particularly important for our private-label customers, where the ability to develop products around specific requirements remains a key source of value. During the year, the Group refocused its flavours business to position the portfolio for greater commercial opportunities. We also expanded into cinnamon-based products and established an initial customer base within this category. New tea flavours were introduced to some of our largest existing customers, strengthening these relationships while creating further opportunities for growth.

ORGANISATIONAL KNOWLEDGE

The expertise of our tea team spans tasting, grading, buying and blending, which enables us to maintain product consistency and develop blends that meet precise customer requirements across different markets. The team's understanding of tea quality and market pricing also supports disciplined purchasing decisions. During the year, this expertise enabled the Group to adopt a more proactive approach to tea buying while balancing quality with commercial considerations.

WAY FORWARD

The Group will continue to innovate and leverage its intellectual capital to expand the product portfolio and respond to evolving customer preferences. Greater emphasis will be placed on translating deep industry knowledge, specialist tea expertise and market insights into differentiated products and commercially relevant solutions that support sustainable growth.

Innovation record

- **23/24** – Ice Tea Bulk Production (IBC)
- **24/25** – Cardamom Range and Herbs vertical
- **25/26** – Addition Chili Tarmarind to Syrup Range

CAPITAL MANAGEMENT

MANUFACTURED CAPITAL

The Group's Manufactured capital comprises the physical and digital infrastructure, equipment and operational systems that support blending, packaging, storage and order fulfilment. This includes its ERP infrastructure and SAP-enabled processes, which strengthen data integration and production monitoring.

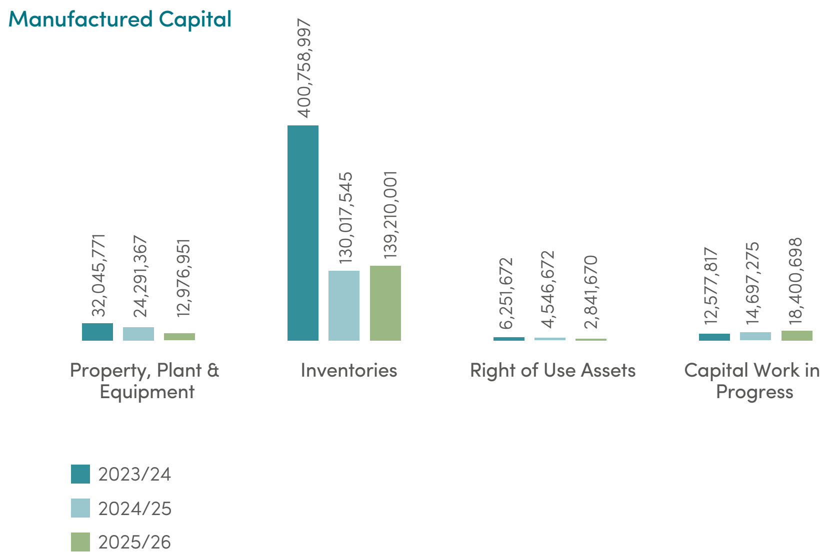
Highlights of 2025/26

Property, Plant & Equipment
12.9 Mn

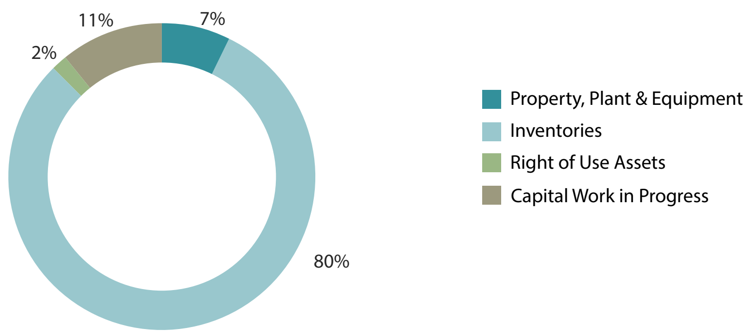
Inventories
139.2 Mn

Right of Use Assets
2.8 Mn

Capital Work in Progress
18.4 Mn



Analysis of Manufactured capital 2025/26



PHYSICAL INFRASTRUCTURE

The Group operates through a differentiated, asset-light model that leverages the manufacturing capabilities of selected third-party partners, supported by its own operational equipment and systems. During the year, closer coordination across procurement, production and logistics supported faster turnaround times and enabled the Group to fulfil customer orders within demanding shipping schedules.

DIGITAL INFRASTRUCTURE

The Group continued to strengthen its digital infrastructure through ongoing investment in its ERP system and the automation of blending processes through SAP. These capabilities have improved data integration, production monitoring, record keeping and process controls while supporting stronger coordination across procurement, production and logistics

HUMAN CAPITAL

The skills and expertise of our people remain the driving force behind the success of the Group. Their contribution enables the Group to execute its strategy and respond to changing customer needs while also supporting the high standards of product quality and service expected across our markets.

Highlights of 2025/26

Employees
59

Employee payments
Rs. 100.6 Mn (+38.5%)

Retention rate
81%

Specialist expertise
A highly experienced tea team strengthened product quality, customer responsiveness and disciplined tea purchasing

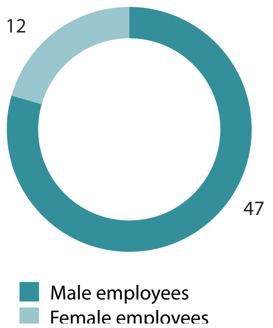
Strong employee retention
A young and educated workforce supported by experienced leadership

Future-ready capabilities
Targeted exposure to artificial intelligence and continued knowledge sharing strengthened digital capability across selected functions.

TEAM PROFILE

Our team of 59 employees remains a key source of competitive strength, with deep expertise across tea tasting, grading, buying and blending. The team combines experienced leadership and deep industry insights with a young and dynamic workforce that brings energy and fresh perspectives to the organisation. Their knowledge enables the Group to develop blends that meet precise customer requirements while maintaining consistency across markets. During the year under review, 10 employees joined the HVA Foods team.

Employee gender representation



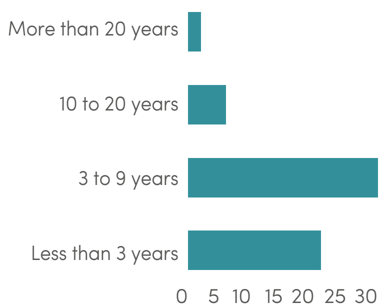
39 Executive:
20 Non-Executive

EMPLOYEE ATTRACTION AND RETENTION

Our approach to employee attraction is centred on identifying capable individuals who can grow within a dynamic export-oriented business. We seek employees who possess the required technical capabilities and demonstrate a willingness to learn as the Group expands into new products and markets. Recruitment is merit-based, considering each candidate's qualifications, experience, competencies and alignment with the Group's values and culture, while providing equal opportunities to all.

The Group continued to maintain strong employee retention levels averaging 81% during the year, reflecting the positive working environment and opportunities for skill and career development. This stability is particularly important within specialist tea-related functions, where knowledge is developed through experience and sustained exposure to the industry. The continuity of the senior leadership team and Heads of Department has fostered greater cohesion across the workforce, contributing to the Group's improved performance during the year.

Employees by service period



EMPLOYEE ENGAGEMENT

We maintain an engaged workforce through a combination of formal communication channels and regular informal interaction across the organisation. Departmental meetings and employee discussions provide opportunities to share views while maintaining alignment with the Group's priorities. The accessibility of management also enables matters to be raised openly and addressed in a constructive manner.

Engagement and culture are driven by the leadership with the support of the dedicated 'Api Champions' Committee who is entrusted with the task of driving Api culture to life, with fellowship, compassion and engagement. This committee comprises of representative from different departments and thereby giving a common platform for all departments to be represented. HVA Foods PLC joined the group in celebrating its 190th anniversary, marking the a significant milestone in its long-standing heritage.

Employee engagement activities conducted in 2025/26

New year celebrations and awareness programme of API culture

Medical campaigns

Women's Day celebrations

CAPITAL MANAGEMENT

PERFORMANCE MANAGEMENT

The Group is committed to fostering a performance-driven culture built on clear expectations and continuous improvement. Specific targets are assigned to each team member in alignment with departmental objectives and the Group's strategic priorities. Through a comprehensive Performance Management System, performance is assessed against defined objectives and competencies, enabling constructive feedback, identifying development needs and recognising individual contributions to the Group's progress.

TRAINING AND DEVELOPMENT

Our approach to learning and development remains closely aligned with the evolving requirements of the business. Employees build their capabilities through function-specific learning and practical exposure within their respective areas. During the year, employees across selected functions were introduced to artificial intelligence tools and their potential applications within the workplace. Development efforts also focused on building customer-focused and delivery-driven teams that understand the importance of responsiveness, quality and timely execution.

Key development programmes conducted during the year are listed below:

- Finance for Non- Finance Workshop
- Workshop and Performance and Development Review
- Power BI Workshop
- IGNITE Her 2025 (Women's Leadership Development Programme)

ORGANISATIONAL CULTURE

HVA Foods PLC has developed a friendly and lenient organisational culture, with an open-door policy that encourages employees to engage directly with colleagues and management. This environment enables ideas to be shared and helps the Group respond more effectively when operational issues arise. Our culture brings together the experience of long-serving employees and the adaptability of a younger workforce.

WAY FORWARD

The Group will continue to evolve its human capital priorities in line with industry dynamics and the future direction of the business. Greater emphasis will be placed on strengthening digital capabilities and expanding the responsible use of artificial intelligence across relevant functions. We will also continue to deepen specialist tea expertise and develop the next generation of leaders within the organisation.

RISK MANAGEMENT

The Group operates within a global tea value chain exposed to significant vulnerabilities on both the supply and demand sides. Tea availability, auction prices, climate conditions, changing customer preferences, geopolitical developments and global trade disruptions have a direct influence on operations and performance. Proactive risk monitoring is therefore critical to protecting value, supporting timely decisions and maintaining continuity across our business.

Approach to Risk Management

During the year under review the Group strengthened its risk management processes introducing comprehensive risk registers that capture the principal risks facing the business. Risk registers also include potential impacts, existing controls and required management actions and are reviewed quarterly, with emerging developments translated into defined actions, assigned responsibilities and clear timelines. Risk dashboards provide direct visibility to the Board, enabling regular oversight of changes in risk exposure and progress against mitigation measures.

Risk management structure

The Board of Directors provides overall oversight of the risk management process and ensures that an effective risk governance structure is in place. The Audit Committee reviews the adequacy and effectiveness of internal controls, risk management practices, and compliance procedures, while providing independent oversight to the Board. The CEO and the management team are responsible for implementing risk management strategies, monitoring key risks, and ensuring that appropriate mitigation measures are integrated into day-to-day operations.

BOD	• Approves Risk Management Framework • Defines the Company's risk appetite and tolerance Level • Reviews Strategic, Operational, Financial, and Compliance risk • Ensure Effective Governance and Internal Control
Audit Committee	• Oversee Effectiveness of the risk Management Framework • Reviews key risk and mitigation Plan • Monitors Internal Controls and Compliance Process • Report Significant risk matter to the board
CEO	• Monitors emerging and Principle Risk • Reviews Internal Audit Findings and Management Response • Monitor risk mitigation activities and key risk indicators
Senior Management	• Lead Implementation of the ERM Framework • Ensure risk are identified and assessed across all function • Maintains the Corporate Risk Register • Report material risk and emerging issues to the audit committee

Risk assessment and prioritisation

Identified risks are assessed and prioritised based on their likelihood of occurrence and potential impact on the Group. This process enables the Group to determine the relative significance of each risk, focus management attention and resources on the most critical exposures and establish appropriate mitigation actions. Risk ratings are reviewed periodically to capture changes in the operating environment and the effectiveness of existing controls. The impact and likelihood criteria are set out below:

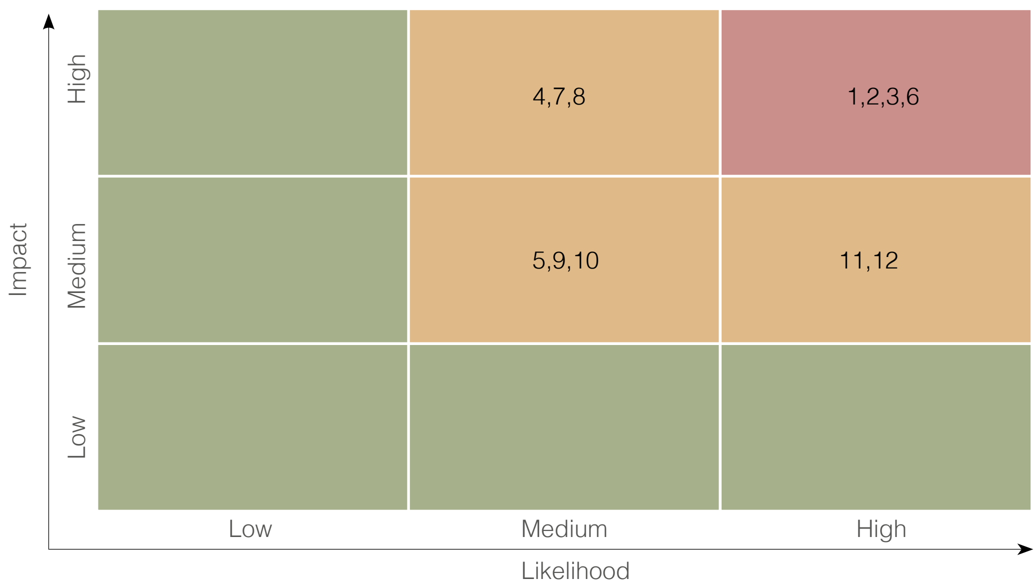
RISK MANAGEMENT

Likelihood Assessment		
Low	1	Unlikely to occur
Medium	2	May occur under certain circumstances
High	3	Expected to occur frequently or has a high probability of occurrence

Impact Assessment		
Low	1	Minor impact with limited business disruption
Medium	2	Moderate impact requiring management intervention
High	3	Significant impact on profitability, operations, reputation, or compliance

Risk landscape for 2025/26

The organisation's risk heat map for the year and descriptions of each risk is presented below.



Key risk exposures during the year include the following:

Risk Category	Risk Description	Likelihood	Impact	Score	Risk Level	Key Mitigation Measures
1. Geopolitical dynamics	Conflict and political instability across key Middle Eastern markets disrupted shipping routes and increased freight and insurance costs	H (3)	H (3)	9	High	Close monitoring of market developments, market diversification
2.Climate & Weather Risk	Adverse weather conditions affecting tea production and quality as well as limiting the Group's ability to plan effectively	H (3)	H (3)	9	High	Supplier diversification, monitoring climatic trends, sustainable sourcing initiatives.

Risk Category	Risk Description	Likelihood	Impact	Score	Risk Level	Key Mitigation Measures
3.Market Price Risk	Volatility in global tea prices impacting profitability	H (3)	H (3)	9	High	Market intelligence, diversified customer portfolio, pricing reviews.
4.Foreign Exchange Risk	Currency fluctuations affecting export earnings	H (3)	M (2)	6	Medium	Foreign currency monitoring and treasury management.
5.Evolving customer preferences	Evolving demand preferences including shifts towards herbal infusions, wellness products, convenient formats	M (2)	M (2)	4	Medium	Ongoing investment in product diversification and innovation
6.Supply Chain Disruption	Delays in shipping, container shortages, and logistics interruptions	H (3)	H (3)	9	High	Multiple logistics partners and proactive shipment planning.
7.Food Safety & Quality Risk	Failure to meet international quality and food safety requirements	M (2)	H (3)	6	Medium	Stringent quality assurance processes, certifications, and testing protocols.
8.Regulatory & Compliance Risk	Changes in export regulations and international trade requirements	M (2)	H (3)	6	Medium	Continuous monitoring of regulatory developments and compliance reviews.
9.Customer Concentration Risk	Dependence on a limited number of export markets or customers.	M (2)	M (2)	4	Medium	Market diversification and business development initiatives.
10.Human Capital Risk	Shortage of skilled personnel and employee retention challenges	M (2)	M (2)	4	Medium	Talent development, succession planning, and employee engagement initiatives.
11.Cybersecurity Risk	Unauthorised access to systems and business data	M (2)	H (3)	6	Medium	IT security controls, system monitoring, and staff awareness training.
12.Reputational Risk	Product quality issues or stakeholder concerns affecting brand reputation	M (2)	H (3)	6	Medium	Strong quality controls, stakeholder engagement, and crisis management procedures.

CORPORATE GOVERNANCE

The Directors acknowledge their responsibility for the Company's corporate governance and the need to ensure the highest standards of accountability to all stakeholders.

H V A Foods PLC is fully committed to the principles of good governance and recognises that good corporate governance is the cornerstone of a successful organisation. The Company is committed to acting with integrity, transparency and fairness in all of its dealings and considerable emphasis is placed by the Board on the development of systems, processes and procedures to ensure the maintenance of high standards throughout the organisation.

In 2023, the Colombo Stock Exchange issued the Listing Rule 9 on Corporate Governance which all listed entities need to comply with in stages and to be fully complied by 1st October 2024. Additionally, the Institute of Chartered Accountants issued a revised Code of Best Practice on Corporate Governance in December 2023. The company is in full compliance of the Listing Rule No.09 of the Colombo Stock Exchange and The Code of Best Practice on Corporate Governance.

BOARD OF DIRECTORS

The Board is the highest authority and it provides leadership to achieve the Company's strategic goals and compliance with generally accepted corporate governance practices, the requirements under the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE BOARD

The composition of the Board is governed by the Company's Articles of Association as well as the Listing Rules of the Colombo Stock Exchange. The Board comprises of six Directors who possess a broad range of skills and experience across a range of industries and functional areas. A detailed profile of each member of the Board appear on pages 17 and 20 of this Annual Report.

As at the reporting date, the Board comprised of two (02) Executive and four (04) Non-Executive Directors, two (02) of whom are Independent.

NON-EXECUTIVE DIRECTORS/ EXECUTIVE DIRECTORS

The Chairman - Mr. S P S Ranatunga and Directors – Mr. S A Ameresekere, Ms. V S A Fernando and Mr. M P D Cooray are Non-Executive Directors. Mr. S U Dassanayake and Mr. C G Stork are Executive Directors.

INDEPENDENCE OF DIRECTORS

Independence of the Directors have been determined in accordance with the Continuing Listing Rules of the CSE and two Independent Non-Executive Directors have submitted signed declarations of their independence.

Based on declarations submitted by the Independent Non-Executive Directors, the Board has determined that, namely, Mr. S P S Ranatunga and Mr. M. P. D. Cooray are "Independent Directors" in terms of Rule 9.8.5.

APPOINTMENT/RE-ELECTION/ RESIGNATION/RETIREMENT OF DIRECTORS

Board members are appointed through a formal and transparent process which includes ensuring that Directors meet for requirements of being fit and proper for their role.

At each Annual General Meeting one third of the Directors except those appointed to the office of Chairman, Chief Executive, Chief Operating Officer or other Executive Director, retire by rotation.

All Directors who are appointed as additional Directors or to fill causal vacancies retire at the next Annual General Meeting following their appointment and offer themselves for re-election by the Shareholders.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER/ CHIEF OPERATING OFFICER

The roles of the Chairman and Executive Directors are separate with a clear distinction of responsibilities, which ensures balance of power and authority.

Mr. S P S Ranatunga who is an Independent Non-Executive Director is the Chairman of the Board of Directors, Mr C G Stork functions as the Chief Executive Officer/Executive Director and Mr S U Dassanayake functions as the Chief Operating Officer/Executive Director.

BOARD MEETINGS

Board Meetings are held quarterly, or more often when required, to ensure the effective discharge of its duties and any other matter directed to the Board which can be resolved by circular resolution, is decided by Resolutions in writing.

The Board reviews strategic and operational issues, approves interim and annual financial statements and annual budgets, assesses performance, internal controls and risk management and ensures compliance with all statutory and regulatory obligations. Further, procedures are in place for the Directors to seek professional advice at the Company's expense when it is requested by the Board members.

BOARD SUB COMMITTEES

The Board of Directors have formed four Sub Committees in compliance with the Listing Rules of the Colombo Stock Exchange.

Current composition of Board Sub Committees is set out in the Annual Report of the Board of Directors appearing on page 76 as required by the Listing Rules, the Report of the Audit Committee, the Report of the Remuneration Committee, the Related Party Transactions Review Committee Report and the Nominations and Governance Committee appear on pages 65 to 71 respectively.

MEETINGS OF BOARD SUB COMMITTEES

The Audit Committee and Related Party Transactions Review Committee meet quarterly with provision to schedule additional meetings if required. The Remuneration Committee and the Nominations and Governance Committee meet as and when necessary.

AUDIT COMMITTEE

The Board has established an Audit Committee comprising of three (03) Non-Executive Directors, two (02) of whom are Independent.

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Report of the Audit Committee is appearing on page 65 to 66.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent;

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Report of the Remuneration Committee is appearing on Page 67.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent;

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mr. S A Ameresekere - Non-Executive Director

The Report of the Related Party Transactions Review Committee is appearing on pages 68 to 69.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent;

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Report of the Nominations and Governance Committee is appearing on Pages 70 to 71.

BOARD AND SUB COMMITTEE MEETING ATTENDANCE

Name of the Director	Directorship Status	Age (Years)	Tenure on the Board (Years)	Date of Appointment	Board Meetings	NGCMs	ACMs	RCMs	RPTRCMs
Mr. S P S Ranatunga (Chairman)	INED	61	2+	17.04.2024	5/5	1/1	5/5	1/1	4/4
Mr. C G Stork (Chief Executive Officer)	ED	52	2+	01.04.2024	5/5				
Mr. S U Dassanayake (Chief Operating Officer)	ED	37	3+	28.07.2023	5/5				
Mr. S A Ameresekere	NED	47	5+	22.01.2021	5/5				4/4
Mrs. V S A Fernando	NED	57	23+	06.10.2003	4/5	0/1	4/5	1/1	
Mr. M P D Cooray	INED	69	5+	22.01.2021	4/5	1/1	5/5	1/1	4/4

* ED - Executive Director
* NED - Non-Executive Director
* INED - Independent Non-Executive Director
* NGCMs – Nominations and Governance Committee Meetings
* ACMs - Audit Committee Meetings
* RCMs - Remuneration Committee Meetings
* RPTRCMs - Related Party Transactions Review Committee Meetings

Other Directorships held by the Directors

The directorship status of each Director together with an analysis of their other directorships / key positions appear below. This illustrates that the other directorships in listed companies held by Directors are within the limit prescribed by the Board in terms of the Policy on Matters relating to the Board of Directors, namely maximum of ten (10) directorships in listed companies.

No	Name of the Director	Total Directorships	Number of Board Seats held in Listed Companies including H V A Foods PLC		Number of Board Seats held in Unlisted Companies	
			Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
1	Mr. S P S Ranatunga (Chairman)	8	-	4	-	4
2	Mr. C G Stork (Chief Executive Officer)	2	1	-	1	-
3	Mr. S U Dassanayake (Chief Operating Officer)	6	1	-	5	-
4	Mr. S A Ameresekere	44	1	4	2	37
5	Mrs. V S A Fernando	54	-	3	10	41
6	Mr. M P D Cooray	15	-	6	2	7

CORPORATE GOVERNANCE DISCLOSURES

The Board of Directors has taken all reasonable steps to ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the ICASL and other relevant requirements. The Company and its subsidiary are fully compliant with all the mandatory rules and regulations stipulated by the Corporate Governance Listing Rules published by the CSE (revised in 2023) and also by the Companies Act No. 07 of 2007.

The Group has also given due consideration to the Best Practice on Corporate Governance Reporting guidelines jointly set out by the ICASL and the SEC and has voluntarily adopted the relevant provisions as far as is practicable.

DIRECTORS' REMUNERATION

Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practice. The Board approves remuneration for the Directors. Directors' remuneration is set out in Note 08 and Note 36.2.1 to the Financial Statements on pages 101 and 131.

COMPANY SECRETARY

P W Corporate Secretarial (Pvt) Ltd acts as the Company Secretary. The Company Secretary maintains minutes of Board, Audit Committee, Related Party Transactions Review Committee, Remuneration Committee meetings, and attends to Shareholder related matters. The Company Secretary assists in ensuring the Board procedures are followed.

The Company Secretary is also responsible for timely circulation of information and papers related to Board and Sub–Committee meetings and advice on matters relating to corporate governance, Board procedures, rules and regulations. All Directors have access to the advice and services of the Company Secretary.

ADVICE AND GUIDANCE TO SENIOR MANAGEMENT

Advice and guidance is provided to the Senior Management team at monthly performance review meetings which provide an opportunity to evaluate progress and ensure accountability of the Senior Management team. Performance targets for the Senior Management team are set at the beginning of the financial year by the Board which is in line with the short term, medium term and long term objectives of the Company. This is an ongoing process and is reviewed periodically. A strong focus on training and career development has created a committed and empowered workforce which continues to generate value and drive the Company towards high standards of achievement.

INTERNAL CONTROL

The Board is responsible for the Company's internal controls. In this respect controls are established for safeguarding the Company's assets, making available accurate and timely information and imposing greater discipline on decision making. The process is strengthened by regular review by the Audit Committee on internal controls and procedures in the areas of finance, operations, human resources, and relevant legal and regulatory compliance. The Company is ISO 22000:2018 certified. All systems are well documented with clearly defined processes, duties and responsibilities.

COMPLIANCE WITH LAWS AND REGULATIONS

All necessary steps have been taken by the Board and the Management to ensure compliance with all relevant laws and regulations. The services of Lawyers, Auditors and other Consultants are obtained whenever it is necessary, to provide assurance to the Board in this respect.

GOING CONCERN

The Directors have reviewed the Company's budgets, capital expenditure requirements and future cash flows and are satisfied that the Company has sufficient resources to continue in operations for the foreseeable future as detailed in Note 39 on pages 134 to 135. Therefore, the Going concern principle has been adopted in the preparation of the Financial Statements.

FINANCIAL REPORTING

The Board aims to provide and present a balanced assessment of the Company's position and prospects in compliance with the Sri Lanka Accounting Standards (LKAS / SLFRS) and the relevant Statutes and has established formal and transparent processes for financial reporting and internal controls. The Statement of Directors' Responsibilities for the Financial Reporting is given on page 137 of this Report.

CORPORATE DISCLOSURES AND SHAREHOLDER RELATIONSHIP

The Company is committed to providing timely and accurate disclosure of all price sensitive information, financial results and significant developments to all shareholders, the Colombo Stock Exchange and where necessary, to the general public.

Shareholders are provided with the Annual Report and, the Company disseminates to the market Interim Financial Statements in accordance with the Listing Rules of the Colombo Stock Exchange. The Annual General Meeting provides a platform for shareholders to discuss and seek clarifications on the activities of the Company and its subsidiary.

COMPLIANCE

The Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on 'Corporate Governance'.

By Order of the Board
H V A Foods PLC

P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

24th August 2026

STATEMENT OF COMPLIANCE

The Board of Directors declares that the Company, including the Board of Directors, the Management and employees, are confident of their compliance with the principles of good governance as set out by the regulatory frameworks applicable to the Company, i.e., the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007 (as amended) and the Listing Rules of the Colombo Stock Exchange and all other applicable regulations.

Appendix I: Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of Directors on the Affairs of the Company	72 to 77
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	Annual Report of Directors on the Affairs of the Company	72 to 77
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Investor Information	138 to 139
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Investor Information	138 to 139
(v)	A statement of each Director's holding in shares of the entity at the beginning and end of each financial year.	Yes	Investor Information	138 to 139
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	45 to 47
vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Capital	42 and 44
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Not Applicable		
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 23 to the Financial Statements	113
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Investor Information	138 to 139
(xi)	Financial ratios and market price information.	Yes	Five year summary & Investor Information	140 and 138 to 139
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, if the value differs substantially from the book value as at the end of the year.	Yes	Note 12 - Property, plant and Equipment to the Financial Statements	104 to 107
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable		

Rule	Requirement	Complied	Reference (within the Report)	Page
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Yes	Corporate Governance Report	48 to 51
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Not Applicable	Related Party Transactions Review Committee Report	68 to 69

Appendix II: Statement of Compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance

COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES OF COLOMBO STOCK EXCHANGE

The Colombo Stock Exchange introduced a new set of Corporate Governance Rules in October 2023 with certain transitional provisions. The Company's adherence to and compliance with these regulations to be effective from 1st October 2024 are detailed below.

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules		√
9.2.1	The Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company, on its website. a. Policy on the matters relating to the Board of Directors b. Policy on Board Committees c. Policy on Corporate Governance, Nominations and Re-election d. Policy on Remuneration e. Policy on Internal Code of Business Conduct and Ethics f. Policy on Risk Management and Internal Controls g. Policy on Relations with Shareholders and Investors h. Policy on Environmental, Social and Governance Sustainability i. Policy on Control and Management of Company Assets and Shareholder Investments j. Policy on Corporate Disclosures k. Policy on Whistleblowing l. Policy on Anti-Bribery and Corruption		√

STATEMENT OF COMPLIANCE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.		Not Applicable
9.2.3	(i) List of policies in place as per Rule 9.2.1, with reference to website (ii) Any changes to policies adopted		√
9.2.4	The Company has a process in place to make available policies referred in Rule 9.2.1 above, to shareholders upon a written request being made for any such Policy.		√
9.3.1	The Company shall ensure that the following Board Committees (at a minimum) are established and functioning effectively. The said Board Committees shall include; a. Nominations and Governance Committee b. Remuneration Committee c. Audit Committee (To perform Audit and Risk Functions) d. Related Party Transactions Review Committee		√
9.3.2	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules.	Refer Rules 9.11, 9.12, 9.13 & 9.14 below.	√
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.		√
9.4.1	The Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the SEC a. The number of shares in respect of which proxy appointments have been validly made; b. The number of votes in favour of the resolution; c. The number of votes against the resolution; and d. The number of shares in respect of which the vote was directed to be abstained.		√
9.4.2	a. The policy on effective communication and relations with shareholders and investors.		√
	b. The contact person for such communication.	Refer Inner back cover.	√
	c. The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders.		√
9.5.1	The Company shall establish and maintain a formal policy governing matters relating to the Board of Directors.		√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.5.2	Compliance with the Board Policy on "Matters relating to the Board of Directors"		√
9.6.1	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed in terms of Rule 9.6.3 below.	Refer page 50 for Table on "Board and Sub Committee Meeting Attendance" in the Corporate Governance Report	√
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a Market Announcement within a period of one (01) month from the date of implementation of these Rules, or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules.	Chairman is an Independent Non-Executive Director, and there is a clear separation of duties between the roles of the Chairman and CEO.	Not Applicable
9.6.3	Report of SID demonstrating the effectiveness of duties.	There is a clear separation of duties between the roles of the Chairman and CEO. Therefore, the requirement for the Company to appoint a SID does not arise.	Not Applicable
9.6.4	Rationale for appointing SID	There is a clear separation of duties between the roles of the Chairman and CEO. Therefore, the requirement for the Company to appoint a SID does not arise.	Not Applicable
9.7.1	The Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3.		√
9.7.2	The Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.		√

STATEMENT OF COMPLIANCE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.7.3	A Director or the CEO of the Company shall not be considered 'fit and proper' if she or he does not possess the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" in Rule 9.7.3 (a), (b) and (c) respectively.		√
9.7.4	The Company shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in Rule 9.7.3 during the financial year concerned and satisfies the said criteria as at the date of such confirmation.		√
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	All Directors have complied with and satisfied the Fit and Proper Assessment Criteria throughout the period under review. No instances of non-compliance were identified. Profiles of the Board of Directors are given on pages 17 to 20.	√
9.8.1	The Board of Directors of the Company, at a minimum, consist of five (05) Directors.	The Board of Directors of the Company consists of six (6) Directors. Profiles of the Board of Directors are given on pages 17 to 20.	√
9.8.2	Minimum Number of Independent Directors a. The Board of Directors of the Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	The Board has two (02) Independent Directors, which is well above the requirement. Refer page 50 for Table on "Board and Sub Committee Meeting Attendance" in the Corporate Governance Report.	√
	b. Any change occurring to this ratio shall be rectified within ninety (90) days from the change.	There was no change to this ratio during the year.	
9.8.3	A Director shall not be considered independent if he/she does not fulfil the criteria defining under Rule 9.8.3 of the Listing Rules.		√
9.8.4	All the Independent Directors of the Company fulfil the criteria on independence as defined under Rule 9.8.3 of the Listing Rules.		√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.8.5	Process in place for the determination of 'Independence' of the Directors a. Each Director to submit a signed and dated declaration annually of his/her independence or non-independence.		√
	b. Names of Directors determined to be 'independent'.	Refer page 50 for Table on "Board and Sub Committee Meeting Attendance" in the Corporate Governance Report.	
	c. Immediate market announcement to be made if the Board determines that the independence of an Independent Director has been impaired.		
9.9	Requirements to be complied in relation to "Alternate Directors".	There are no Alternate Directors on the Board of the Company.	Not Applicable
9.10.1	The Company shall disclose its policy on the maximum number of directorships its Board Members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above.	As per the Policy on matters relating to the Board of Directors, the maximum number of directorships the Board Members are permitted to hold is ten (10).	√
9.10.2	The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the brief resume of such Director, his/her capacity of directorship and, Statement by the Entity indicating whether such appointment has been reviewed by the NGC of the Company.		√
9.10.3	The Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.		√

STATEMENT OF COMPLIANCE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.10.4	Directors details a. name, qualifications and brief profile b. nature of his/her expertise in relevant functional areas c. whether either the Director or Close Family Members has any material business relationships with other Directors d. whether Executive, Non-Executive and/or Independent Director e. total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as Executive or Non-Executive (If the directorships are within the Group names need not be disclosed) f. number of Board meetings attended g. names of Board Committees in which the Director serves as Chairperson or a member h. Attendance of Board Committee meetings	Profiles of the Board Members are given on pages 17 to 20. Refer page 50 for Table on "Other Directorships held by the Directors" in the Corporate Governance Report Refer page 50 for Table on "Board and Sub Committee Meeting Attendance" in the Corporate Governance Report	√
	i. Terms of Reference and powers of SID		Not Applicable
9.11	Nominations and Governance Committee (NGC)		
9.11.1	The Company has a NGC that conforms with the requirements.		√
9.11.2	The Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the NGC.	Refer Report of the NGC on pages 70 to 71.	√
9.11.3	The NGC shall have a written Terms of Reference clearly defining the scope, authority, duties and matters pertaining to the quorum of meetings	Refer Report of the NGC on pages 70 to 71.	√
9.11.4	Composition of the NGC 1) The members of the NGC shall; a. comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. b. not comprise of Executive Directors of the Listed Entity. 2) An Independent Director shall be appointed as the Chairperson of the NGC by the Board of Directors. 3) The Chairperson and the members of the NGC shall be identified in the Annual Report of the Listed Entity.	Refer the Composition of the NGC given on page 70.	√
9.11.5	The functions of the NGC	Refer the Report of the NGC on pages 70 to 71.	√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.11.6	NGC Report a. Names of Chairperson and Members with nature of directorship. b. Date of appointment to the Committee. c. Availability of documented policy and processes when nominating Directors. d. Requirement of re-election at regular intervals at least once in 3 years. e. Board diversity. f. Effective implementation of policies and processes relating to appointment and reappointment of Directors. g. Details of Directors re-appointed. h. Performance of periodic evaluation of Board. i. Process adopted to inform Independent Directors of major issues. j. Induction/orientation programs for new Directors on Corporate Governance, Listing Rules, securities market regulations or negative statement. k. Annual update for all Directors on Corporate Governance, Listing Rules, securities market regulations or negative statement. l. Compliance with independence criteria. m. Statement on compliance with Corporate Governance rules, if non- compliant reasons and remedial actions.	Refer the Report of the Nominations and Governance Committee on pages 70 to 71.	√
9.12	Remuneration Committee (RC)		
9.12.1 9.12.2	The Company has a remuneration committee that conforms to the requirements.		√
9.12.3	The Company has a remuneration committee that conforms to the requirements. The RC shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Refer Page 131 for "Directors Remunerations" and report of the RC given on page 67.	√

STATEMENT OF COMPLIANCE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Refer Page 131 for "Directors Remunerations" and report of the RC given on page 67.	√
9.12.5	RC shall have a written Terms of Reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Refer the Report of the RC on page 67.	√
9.12.6	Composition of the RC 1) The members of the RC shall; a. comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. b. not comprise of Executive Directors of the Listed Entity. 2) An Independent Director shall be appointed as the Chairperson of the RC by the Board of Directors.	Refer the composition of the Report of the RC on page 67.	√
9.12.7	The functions of the RC	Refer the Report of the RC on page 67.	√
9.12.8	RC Report a. Names of chairperson and members with nature of directorship b. Statement regarding the Remuneration Policy c. The aggregate remuneration of the Executive and Non-Executive Directors.	Refer the Report of the RC on page 67. Refer Note 36.2.1 and Note 8 to the Financial Statements on pages 131 and 101 for "Directors Remunerations".	√
9.13	Audit Committee (AC)		
9.13.1	Perform Audit and Risk functions specified in Rule 9.13.4 of the Listing Rules.	Currently there is no separate Risk Committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.	√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.13.2	The AC shall have a written Terms of Reference clearly defining its scope, authority and duties.	The AC has a written Terms of Reference clearly defining its scope, authority and duties. Refer Report of the AC on pages 65 to 66.	√
9.13.3	1) The members of the AC shall; a. comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. b. not comprise of Executive Directors of the Listed Entity. 2) The quorum for a meeting of the AC shall require that the majority of those in attendance to be Independent Directors. 3) The AC may meet as often as required provided that the AC compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4) An Independent Director shall be appointed as the Chairperson of the AC by the Board of Directors. 5) Unless otherwise determined by the AC, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the AC meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation. 6) The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Refer the Report of the AC on pages 65 to 66.	√
9.13.4	The functions of the AC	Refer the Report of the AC on pages 65 to 66.	√
9.13.5	Disclosures in the Annual Report 1) The Company shall prepare a AC Report which shall be included in the Annual Report 2) The AC Report contain required disclosures.	Refer the Report of the AC on pages 65 to 66.	√
9.14	Related Party Transactions Review Committee (RPTRC)		
9.14.1	The Company shall have a RPTRC that conforms to the requirements set out in Rule 9.14.	The RPTRC of the Company conforms to the requirements	√

STATEMENT OF COMPLIANCE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.14.2	Composition of the RPTRC The RPTRC shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include Executive Directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Refer the Report of the RPTRC on pages 68 and 69.	√
9.14.3	Functions of the RPTRC	Refer the Report of the RPTRC on pages 68 and 69.	√
9.14.4	General Requirements 1. The RPTRC shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2. The members of the RPTRC should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3. Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4. If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: a. be present while the matter is being considered at the meeting; and, b. vote on the matter.	Refer the Report of the RPTRC on pages 68 and 69.	√
9.14.5	Review of Related Party Transactions by the RPTRC	Refer the Report of the RPTRC on pages 68 and 69.	√
9.14.6	Shareholder Approval The Company shall obtain shareholder approval by way of a Special Resolution for specified Related Party Transactions.	The RPTs policy of the Company provides for obtaining shareholder approval by way of a Special Resolution for specified transactions. There were no RPTs during the year which required Shareholder approval.	√

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.14.7	The Company shall make an immediate Market Announcement to the CSE on for RPTs as specified under (a) and (b).	There were no RPTs during the year, which required immediate Market Announcement. The RPTs policy of the Company provides for making an immediate Market Announcement to the CSE for RPTs falling under the above category.	√
9.14.8(1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format).	Refer Note 36.3.1 to the Financial Statements on "Related Party Disclosure" on page 132.	√
9.14.8(2)	Recurrent RPT exceeding 10% of the gross revenue/ income	Refer Note 36.3.1 to the Financial Statements on "Related Party Disclosure" on page 132.	√
9.14.8(3)	RPTRC Report a. Names of the Directors of the Committee b. Statement that the Committee has reviewed RPTs and communicated comments/observations to the Board c. Policies and procedures adopted by the Committee	Refer the Report of the RPTRC on pages 68 to 69.	√
9.14.8(4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	Refer the Annual Report of the Board of Directors on pages 72 to 77.	√
9.14.9	Acquisition and Disposal of assets from/ to Related Parties Except for transactions set out in Rule 9.14.10, the Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset, to any Related Party of the Entity without obtaining the approval of the shareholders of the Entity by way of a Special Resolution.	During the year, there were no acquisition/disposal of substantial assets from/to Related Parties.	√

STATEMENT OF COMPLIANCE

Listing Rule No.	Principle, compliance and implementation	Remark if any	Complied
9.17	Additional disclosures by Board of Directors Declaration on following; i. All material interests in contracts involving in the Company and have refrained from voting on matters in which they were materially interested ii. Review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; iii. Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; iv. Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Refer page 74.	√

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good Corporate Governance by actively creating awareness and providing advice to management on Risk Management, appropriate internal control practices, and other related activities of the Company in compliance with the rules and regulations of the Colombo Stock Exchange. The proceedings of the Audit Committee are regularly reported to the Board of Directors through formal minutes.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of H V A Foods PLC comprises of three (03) Non-Executive Directors, two (02) of whom are Independent.

The current composition of the Committee is as follows:

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Chairman of the Committee, Mr. M P D Cooray, is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the United Kingdom.

MEETINGS

The Committee met five times during the year.

The attendance of the Member's at the Meetings is as follows:

Name of the Director	Meetings Attended
Mr. M P D Cooray [from 22.01.2021]	5/5
Mr. S P S Ranatunga [from 17.04.2024]	5/5
Mrs. V S A Fernando [from 08.08.2023]	4/5

The Chief Executive Officer, Chief Operating Officer and the Head of Finance attend meetings by invitation.

The Company Secretaries functions as the Secretaries to the Committee.

Messrs BDO Partners, Independent Auditors are requested to be present as and when required.

FUNCTIONS PERFORMED BY THE AUDIT COMMITTEE

- Monitoring the financial reporting process.
- Monitoring the statutory audit of the Group's Financial Statements.
- The Company's compliance with legal and regulatory requirements.
- Reviewing the Group's Financial Statements and the material financial reporting judgments contained therein.
- The Committee evaluates the internal control reports and compliance reports furnished by the management and are satisfied that an effective internal control system is in place.
- Ensure the independence of the External Auditors and recommend the appointment of Independent Auditors and their fees.
- Identification of risks that would impact on the Company's business.
- Based on the proceedings of the Audit Committee meetings, recommendations and observations were reported to the Board for appropriate action.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

FINANCIAL REPORTING

The Committee reviewed and discussed the unaudited Interim Financial Statements and the Financial Statements for the year with the management and the External Auditors ensuring that the Company's financial reporting gives a true and fair view in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 prior to the recommendation of same to the Board.

AUDIT COMMITTEE REPORT

OPERATIONS OF THE AUDIT COMMITTEE

The Statutory Auditors, the Internal Auditors, Chief Executive Officer, Head of Finance attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee. Outsourced Internal Auditors, Messrs KPMG are required to attend meetings as and when required.

The internal audit function is carried out by Messrs KPMG, Chartered Accountants. The scope is planned to cover all significant areas of operations in a twelve month cycle. The Internal Audit observations were discussed with Management and corrective action taken as appropriate.

The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense. The Committee met five times during the financial year ended 31st March 2026.

EXTERNAL AUDITORS

The Committee held meetings with the External Auditors to review the nature, approach and scope of audit. The Committee also reviewed the Audited Financial Statements with the External Auditors.

The Committee also has a private audience with the External Auditors. No matters other than those that have already been discussed with management were raised by the External Auditors.

The Audit Committee is satisfied that the independence of the External Auditors has not been influenced by any event that results in a conflict of interest.

The fees pertaining to audit have been reviewed and recommended to the Board.

The Audit Committee has recommended to the Board of Directors that Messrs BDO Partners continue as Auditors for the ensuing financial year, subject to the approval of the shareholders at the next Annual General Meeting.

INDEPENDENCE OF AUDITORS

The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination. To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company and the Group, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by The Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

RE-APPOINTMENT OF AUDITORS

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31st March 2027, subject to the approval of the shareholders at the next Annual General Meeting.

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

CONCLUSION

The Audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with the set rules and that systems are in place to minimise the impact of identifiable risks.

The Committee further assessed the future prospects of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate.

This report was approved by the Board and signed on its behalf by:

Mr. M P D Cooray
Chairman - Audit Committee

24th August 2026
Colombo

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee of H V A Foods PLC comprises of three (03) Non-Executive Directors, two (02) of whom are Independent.

The current composition of the Committee is as follows:

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

MEETINGS

The Committee met one time during the year.

The attendance of the Member's at the Meeting is as follows:

Name of the Director	Meetings Attended
Mr. M P D Cooray [from 22.01.2021]	1/1
Mr. S P S Ranatunga [from 17.04.2024]	1/1
Mrs. V S A Fernando [from 07.02.2022]	1/1

The Chief Executive Officer, Chief Operating Officer and the Head of Finance attend meetings by invitation.

The Company Secretaries functions as the Secretaries to the Committee.

SUCCESSION PLANNING AND TALENT MANAGEMENT

Succession planning and talent management continued to be a key area of focus in the deliberations of the Committee during the year under review. The Committee conducted in depth talent reviews covering critical roles of the Group, the incumbent is such roles, and the potential successors. Accordingly, the Committee also reviewed the progress of their development plans.

REMUNERATION POLICY

The Remuneration policy of the Company endeavours to attract, motivate and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses and is responsible to ensure that the total package is competitive to attract the best talent for the benefit of the Company.

The remuneration policy of the Company is determined considering the following factors:

- Annual Increments are given to all confirmed employees (prorated less than one year) unless there is an issue of impropriety or misconduct that is being investigated.
- The overall cost of the increments is treated as a guideline taking into the account the profitability of the Company.
- Increments are granted based on the performance of staff and their contribution for which the views of the supervising staff are noted.
- Annual bonuses are granted in line with industry norms and realised profits.
- The remuneration paid to the executive and non-executive Directors.

SCOPE

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision-making process, necessary information and recommendations are obtained from the Chief Executive Officer. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Chief Executive Officer, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and overviews the implementation thereof. The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

Mr. M. P. D. Cooray
Chairman - Remuneration Committee

24th August 2026
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board in 6th February 2015 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

PURPOSE/ OBJECTIVES OF THE COMMITTEE

The main objective of the Committee is to exercise on behalf of the Board, oversight of all Related Party Transactions of H V A Foods PLC (the Company) and its subsidiary company, and to ensure compliance with the Code of Best Practice on Related Party Transactions (RPT), issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee of H V A Foods PLC comprises of three (03) Non-Executive Directors, two (02) of whom are Independent.

The current composition of the Committee is as follows:

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mr. S A Ameresekere - Non-Executive Director

MEETINGS

The Committee met four times during the year.

The attendance of the Member's at the Meetings is as follows:

Name of the Director	Meetings Attended
Mr. M P D Cooray [from 22.01.2021]	4/4
Mr. S P S Ranatunga [from 17.04.2024]	4/4
Mr. S A Ameresekere [from 22.01.2021]	4/4

The Chief Executive Officer, Chief Operating Officer and the Head of Finance attend meetings by invitation.

The Company Secretaries functions as the Secretaries to the Committee.

RELATED PARTY TRANSACTIONS DURING THE YEAR UNDER REVIEW

During the year under review, the Committee discharged its duties in compliance with the Terms of Reference. Accordingly, all RPTs of the Company have been reviewed by the Committee and comments and observations have been communicated to the Board.

The Committee has exercised oversight on behalf of the Board, on all RPTs of the Company to ensure that these transactions are in compliance with the Code of Best Practice on Related Party transactions, issued by the Securities and Exchange Commission of Sri Lanka and with Section 9 of the Listing Rules of the Colombo Stock Exchange.

All recurrent Related Party Transactions of the Company during the financial year 2025/26 were reviewed and approved by the Committee. The aggregate value of the recurrent related party transactions exceeded the 10% of the gross revenue/ income as per the latest Audited Financial Statements of 31st March 2025, which requires additional disclosures in the Annual Report 2025/26 in terms of Section 9.14.8(2) and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act of the Listing Rules of the Colombo Stock Exchange is as follows.

DETAILS OF THRESHOLD EXCEEDED 31.03.2026

Name of the Related Party	Relationship	Nature of the transaction	Aggregate value of Related Party Transactions entered into during the Financial year (Rs.)	Aggregate value of Related party Transactions as a % of net Revenue/ Income	Terms and Conditions of the Related Party Transactions
George Steuart and Company Ltd	Parent	Funds Received / Accrued Interest / Obtaining Corporate Guarantee*	464,264,316	25%	Normal Commercial terms

*Corporate Guarantee amounting to LKR 342,000,000/-

The comments and observations of the Related Party Transactions Review Committee have been communicated to the Board.

There were no non-recurrent Related Party Transactions of which the aggregate value exceeds 10% of equity or 5% of total assets in the latest Audited Financial Statements of 31st March 2025,which requires additional disclosures in the Annual Report 2025/26 in terms of Rule 9.14.8(1) and Code of Best Practises on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c)of the Securities and Exchange Commission Act of the Listing Rules of the Colombo Stock Exchange.

The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party transactions entered during the Financial Year ended 31st March 2026.

RESPONSIBILITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all Related Party Transactions of the Company and ensuring that it complies with the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant statutes and regulations.
- The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company.
- The Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules of CSE.
- Scheduling quarterly meetings to review and report to the Board, on matters involving RPTs falling under its Terms of Reference.
- To review the disclosure requirements relating to the Related Party Transactions.
- 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.
- Ensure that all transactions with related parties are in the best interest of the Company and for all shareholders and adequate transparency is maintained.
- Establish guidelines and policies for the management and reporting of related party transactions.

KEY MANAGEMENT PERSONNEL

Key management personnel include all the members of the Board of Directors of the Company having authority and responsibilities for planning, directing and controlling the activities of the Company.

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

DECLARATION

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules is set out in page 75 pertaining to Related Party Transactions is given on pages 131 to 134 of the Annual Report.

Mr. M P D Cooray
Chairman - Related Party Transactions Review Committee

24th August 2026
Colombo

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee ("the Committee") of the Company was established 30/09/2024. 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.

COMPOSITION OF THE COMMITTEE

The Nominations and Governance Committee of H V A Foods PLC comprises of three (03) Non-Executive Directors, two (02) of whom are Independent.

The current composition of the Committee is as follows:

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

MEETINGS

The Committee met one time during the year.

The attendance of the Member's at the Meeting is as follows:

Name of the Director	Meetings Attended
Mr. M P D Cooray [from 30.09.2024]	1/1
Mr. S P S Ranatunga [from 30.09.2024]	1/1
Mrs. V S A Fernando [from 30.09.2024]	0/1

The Company Secretaries functions as the Secretaries to the Committee.

The Chief Executive Officer, Chief Operating Officer and the Head of Finance attend meetings by invitation.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

1 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.

2. 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 principle commitments.

3. Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.

4. 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.

5. Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors of the Company to ensure their responsibilities are satisfactorily discharged.

6. 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.

7. Develop succession plans for the Board of Directors and Key Management Personnel

8. 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.

9. Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances

DISCLOSURE OF ACTIVITIES

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or 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 and the orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company. 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 proprietary 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 01/10/2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

- Policy on Anti Bribery and Corruption
- Policy on Internal Code of Business and Ethics
- Policy on Board Committees
- Policy on Remuneration
- Policy on Risk Management and Internal Control
- Environment and Social Governance Policy
- Policy on Whistleblowing
- Policy on the Matters relating to the Board of Directors
- Policy on Relations with Shareholder and Investor
- Policy on Corporate Governance Nominations and Re-Election
- Policy on Corporate Disclosures
- Policy on Control and Management of Company Assets and Shareholder Investments

The policies and processes relating to the nomination of new Members to the Board are governed by the Policy on Corporate Governance.

COMMITTEE EVALUATION

The Board conducted the annual evaluation of the Committee during the year and the review concluded that the Committee continues to operate effectively.

RE-APPOINTMENTS / RE-ELECTIONS

One Third (1/3) of all the Directors, except 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 V. S. A Fernando as a Director at the Annual General Meeting to be held on 24/09/2026, based on their performance and the contribution made to achieve the objectives of the Board.

V. S. A Fernando, Non-Executive Director, was appointed to the Board in 06/10/2003, and was last re-elected as a Director in 25.09.2023. Her Directorships and other principal commitments are given in the profile on pages 17 to 18. She serves on the Audit Committee, Remuneration Committee and Nominations and Governance Committee of the Company.

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 Company is committed to ensuring 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.

RECOMMENDATION FOR THE CONTINUATION OF MR. MUTUTANTRIGE PARAKRAMA DEVAKA COORAY AS NONEXECUTIVE INDEPENDENT DIRECTOR

The Nominations and Governance Committee, having reviewed the profile, experience, and contribution of Mr. Mututantrige Parakrama Devaka Cooray, is of the view that continuing to obtain his services, as a Non-Executive Independent Director would be in the best interest of the Company. Therefore the Committee considered that despite reaching the age of 70, Mr. Devaka Cooray's continued services as an Independent Director to be of significant value to the Company, given his extensive professional experience, deep understanding of governance and assurance practices, regional and international exposure, and his ability to provide independent judgment and strategic guidance that continue to contribute meaningfully to the deliberations and effectiveness of the Board. Accordingly, the Committee recommended his continuation as an Independent Director upon reaching the age of seventy (70) years, in terms of CSE Listing Rule 9.8.3(ix).

The Corporate Governance requirements stipulated under the Listing Rules are met by the Company and details are given on pages 48 to 51 of this Report.

M.P.D Cooray
Chairman - Nominations and Governance Committee

24th August 2026
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of H V A Foods PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the financial year ended 31st March 2026, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

FORMATION

H V A Foods PLC is a Public Limited Company which was incorporated under the Companies Act, No. 17 of 1982 as a Private Limited Company on 22nd August 1997 and re-registered as per the Companies Act, No. 07 of 2007 on 8th January 2008 with PV 1765 as the new number assigned to the Company. The Company was converted to a public limited liability company on 3rd November 2010 and it obtained a listing on the Diri Savi Board of Colombo Stock Exchange on 15th February 2011.

Consequent to the listing on the Colombo Stock Exchange, the name of the Company was changed to "H V A Foods PLC" on 4th May 2011 with Company No PV 1765 PB/PQ as the new number assigned to the Company.

The Company was a Subsidiary of H V A Lanka Exports (Private) Limited, which was principally involved in exporting bulk tea up to 10th February 2021. Consequent to the acquisition of 67.1% of the issued shares of the Company by George Steuart and Company Limited, the Company became a subsidiary of George Steuart and Company Limited which has a diverse range of businesses.

PRINCIPAL ACTIVITIES

During the year under review the principal activities of the Company were processing, packing and export of value-added teas. The Company was also engaged in the development, manufacture and distribution of tea Extract-based products. The Company's wholly owned subsidiary, H V A Holdings (Private) Limited is the owner of the worldwide franchise for the 'Heladiv' trademark and other brands used for the business of the Company.

This Report together with the Financial Statements, reflect the state of affairs of the Company.

REVIEW OF OPERATIONS

Analysis of the performance of the Company during the financial year under review.

The Company recorded a revenue of Rs. 2.27 Bn as against the Rs. 1.836 Bn achieved in the previous year. The Company's gross profit margin increased to 15% compared to the level of 9% in the previous year.

Administration expenses have increased by 12.14% in comparison to the previous year. Reported profit before tax was Rs. 5.1 Mn and the effect of relevant tax reversal for the period amounted to Rs. 2.1 Mn.

After all the aforementioned expenses and charges, the Company recorded an after-tax profit of Rs. 7.1 Mn and a comprehensive income of Rs. 6.01 Mn during the year. Statement of Comprehensive Income of the Company are set out on page 84 of the Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Head of Finance and two Directors on behalf of the Board are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

INDEPENDENT AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company and its subsidiary is given on pages 80 to 83 as required by Section 168 (1) (c) of the Companies Act No. 07 of 2007.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 88 to 100 and are consistent with those of the previous period.

DIRECTORS' RESPONSIBILITIES ON FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Statement of Directors' Responsibilities on Financial Reporting is given on page 137.

DIRECTORS

As at end of the financial year under review, the Board consisted of six Directors namely, two Executive

Directors and four Non-Executive Directors, two (02) of whom are Independent.

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 17 to 20.

Executive Director

Mr. C G Stork - Chief Executive Officer

Mr. S U Dassanayake - Chief Operating Officer

Non-Executive Director

Mrs. V S A Fernando

Mr. S A Ameresekere

Independent Non-Executive Directors

Mr. S P S Ranatunga - Chairman

Mr. M P D Cooray

CHANGES IN THE DIRECTORATE OF THE COMPANY AFTER THE REPORTING PERIOD

There were no changes in the Directorate of the Company, during the year under review and upto the date of this report.

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

Mrs V S A Fernando retires by rotation in terms of Articles 88 and 89 of the Articles of Association and being eligible, consequent to review by the Nominations and Governance Committee is recommended by the Board for re-election.

APPROVAL FOR THE CONTINUATION OF MR. MUTUTANTRIGE PARAKRAMA DEVAKA COORAY AS NON EXECUTIVE INDEPENDENT DIRECTOR.

As required by Listing Rule 9.8.3 (ix), the Board of Directors, upon recommendation of the Nominations and Governance Committee and based on justification and rationale, resolved to confirm that Mr. M P D Cooray be considered "Independent" upon reaching the age of 70 years on 15th June 2027.

Accordingly, an Ordinary Resolution will be placed before the public shareholders at the Annual General Meeting for their consideration, for Mr. M. P. D. Cooray to continue as an Independent Director upon attaining the age of 70 years on 15th June 2027.

DIRECTORS OF THE SUBSIDIARY

The directors of the subsidiary, H V A Holdings (Private) Limited as at 31st March 2026 consisted of the following:

Mrs. V S A Fernando

Mr. S A Ameresekere

There were no changes in the Directors of the subsidiary, during the year under review and upto the date of this report.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during The Financial Year under review and as at the date of such Declarations. These Declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board.

The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation, being re-elected by the shareholders at the forthcoming Annual General Meeting.

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Two (2) Independent Directors namely Mr S P S Ranatunga and Mr M P D Cooray are 'Independent' in terms of the Listing Rules.

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, the shareholders have access to the Company as set out in Inner back cover of this Annual Report.

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

The Board, based on the recommendations of the Nominations and Governance Committee, and considering the time allocation required of the Directors for the Board related matters of the Company decided that a Director of the Company shall not hold more than ten (10) directorships in Listed Companies.

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Company has in terms of the above Policy, acted in compliance with the requirements set out in Rule 9.5.1 of the Listing Rules.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

ADDITIONAL DISCLOSURES BY/PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

The Directors have declared all material interests in contracts involving the Company in terms of the Companies Act and the Articles of the Association of the Company and have acted as prescribed therein, and where relevant have refrained from voting on matters in which they were materially interested.

(ii) Material Business Relationships with each other

None of the Directors or close family members have any material business relationships with the other Directors of the Company.

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on page 50.

(iv) Review of Internal Controls

The Directors have, through the Audit Committee, conducted a review of the Internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(v) Applicable Laws, Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

There were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was Rs.954,965,559/- represented by 244,526,188 shares. There were no changes in the Stated Capital of the Company during the year.

DIRECTORS' SHAREHOLDING IN THE COMPANY

Name of the Director	No. of shares as at 31.03.2026	No. of shares as at 31.03.2025
Mr. S P S Ranatunga	Nil	Nil
Mr. C G Stork	Nil	Nil
Mr. S U Dassanayake	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Mrs. V S A Fernando	Nil	Nil
Mr. M P D Cooray	Nil	Nil

DIRECTORS INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS AND INTEREST REGISTER

All related entries were made in the Interests Register during the year. The share ownership of Directors is disclosed on page 138.

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007.

The Interests Register is available for inspection by the Shareholders or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.

INVESTOR INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market value per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 138 to 139 under Shareholders' Information.

DELEGATION OF AUTHORITY

The Board has delegated the authority of the day to day management of the Company to the Chief Executive Officer who is responsible for delivering services according to the policies and the budgets approved by the Board.

DELEGATION TO BOARD MEMBERS

The Board has delegated certain functions and duties to Sub Committees that comprises of Board members. The functions and duties of each Sub Committee namely, Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee are detailed in the respective reports.

The Board is also encouraged to seek independent professional advice when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as and when necessary.

APPRAISAL OF BOARD PERFORMANCE

The Board is aware that appraising their own performance periodically would enhance the understanding of individual performance of the Board as a whole. The Board members ensure that Board responsibilities are satisfactorily discharged.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Company.

EMPLOYMENT POLICY

The Company's employment policy is totally nondiscriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2026, 59 persons were in employment (60 persons as at 31st March 2025). There were no material issues pertaining to employees and industrial relations during the financial year.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all payments in respect of statutory liabilities including EPF, ETF and taxes as applicable have been made within the stipulated periods during the financial year.

RESERVES

The reserves of the Company with the movements during the year are given on page 114 in the Financial Statements.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given in Note 12 to the Financial Statements on pages 104 to 107.

INVESTMENTS AND FINANCIAL INSTRUMENTS

Details of investments and financial instruments held by the Company are disclosed in Note 14 & 35 to the Financial Statements on pages 108 & 129 to 131.

CAPITAL COMMITMENTS

There were no material capital or other commitments as at reporting date as set out in Note 37 to the Financial Statements on page 134.

CONTINGENT LIABILITIES

There were no Contingent Liabilities as at reporting date as set out in Note 37 to the Financial Statements on page 134.

DIVIDENDS

The Directors do not recommend a dividend for the year under review.

DONATIONS

No Donations were made by the Company and the subsidiary during the year under review.

DIRECTORS' REMUNERATION

The Company has adopted a Remuneration Policy and has established a formal procedure for determination of remuneration of Directors including Executive Directors. No Director is involved in deciding his or her own remuneration.

The Directors' Remuneration is disclosed under Key Management Personnel compensation in Note 36.2.1 to the Financial Statements on page 131.

DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (1) of the Listing Rules

There were no non-recurrent related party transactions which aggregate value exceeded 10% of the equity or 5% of the total assets whichever is lower of the Group as per latest Audited Financial Statements as at 31st March 2025, which required additional disclosures in this Annual Report in terms of Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (2) of the Listing Rules

There were recurrent related party transactions which aggregate value exceeded 10% of the consolidated revenue of the Group as per latest Audited Financial Statements as at 31st March 2025, which required additional disclosures in this Annual Report in terms of Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act as set out in page 69.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, details of which are set out on page 37 of this Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS PERTAINING TO THE COMPANY

No material issues pertaining to employees or industrial relations of the Company occurred during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

BOARD SUB-COMMITTEES

The Board of Directors has formed four Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee, the Related Party Transactions Review Committee and Nominations and Governance Committee.

The composition of the said Committees is as follows:

Audit Committee

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Report of the Audit Committee appears on pages 65 to 66.

Remuneration Committee

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Report of the Remuneration Committee appears on page 67.

Related Party Transactions Review Committee

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mr. S A Ameresekere - Non-Executive Director

The Report of the Related Party Transactions Review Committee appears on pages 68 to 69.

Nominations and Governance Committee

Mr. M P D Cooray - Chairman Independent Non-Executive Director

Mr. S P S Ranatunga - Independent Non-Executive Director

Mrs. V S A Fernando - Non-Executive Director

The Report of the Nominations and Governance Committee appears on pages 70 to 71.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Corporate Governance Rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 48 to 51 explains the measures adopted by the Company during the year.

POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website (www.heladiv.com) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

(a) Policy on the matters relating to the Board of Directors

(b) Policy on Board Committees

(c) Policy on Corporate Governance, Nominations and Re-election

(d) Policy on Remuneration

(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

(f) Policy on Risk management and Internal controls

(g) Policy on Relations with Shareholders and Investors

(h) Policy on Environmental, Social and Governance Sustainability

(i) Policy on Control and Management of Company Assets and Shareholder Investments

(j) Policy on Corporate Disclosures

(k) Policy on Whistleblowing

(l) Policy on Anti-Bribery and Corruption

These Policies were subject to review by the relevant Sub Committees and there were no changes to the policies during the year.

BOARD MEETINGS

Five (5) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 50.

MAJOR TRANSACTIONS

The Board of Directors is required to act in accordance with Section 185 of the Companies Act No. 07 of 2007 with regard to 'major transactions' as per the said Section 185. There were no major transactions entered into by the Company during the year.

ENVIRONMENTAL PROTECTION

To the best of knowledge of the Board, the Company has not engaged in any activity that is harmful or hazardous to the environment. The Directors also confirm that to the best of their knowledge and belief that the Company has complied with the relevant environmental laws and regulations.

INDEPENDENT AUDITORS

Messrs BDO Partners, Chartered Accountants served as the Auditors of the Company during the year under review. The Auditors do not have any other relationship with the Company other than as Auditors of the Company who have also provided certain non-audit services.

A total amount of Rs. 2,875,716/- is payable by the Company to the Auditors for the year under review. Rs 1,980,557 as audit fees and Rs 895,159/- as non-audit fees respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 24th August 2026 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Group

Messrs S & C Associates, Chartered Accountants served as the Auditors of the subsidiary Company during the year under review. A total amount of Rs 43,000/- is payable by the subsidiary to the Auditors for the year under review. Rs 33,000/- as audit fees and Rs 10,000/- as non-audit fees respectively.

Details of payments to the said Auditors on account of audit fees and for permitted non audit services, are set out in Note 8 to the Financial Statements on page 101.

INDEPENDENCE OF AUDITORS

Based on the declaration provided by Messrs BDO Partners, Chartered Accountants and to the extent that the Directors are aware, the Auditors do not have any relationship with (other than that of the Auditor), or interest in, the Company, which in the opinion of the Board, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issues by The Institute of Chartered Institute of Sri Lanka as at the reporting date.

SPECIAL BUSINESS

Special Business to be transacted at the Annual General Meeting - Amendments to the Articles of Association

The “Special Business” set out as Item 2 of the Notice of Annual General Meeting relates to amendments to the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution, including the insertion of a new sub-article, Article 121(iv), under the existing heading, ‘Alternate Directors’, to provide that the appointment of an Alternate Director shall be subject to the approval of the Board.

SERIOUS LOSS OF CAPITAL POSITION OF THE COMPANY

Complying with Section 220 of the Company’s act No 07 of 2007, the board of Directors of the Company held an EGM on 07th December 2019 and outlined steps to improve the serious loss of capital position of the Company.

A further unanimous resolution of the shareholders was passed during the AGM held on 30th September 2024, where by the shareholders were given an update of the progress made by the company regarding its position on serious losses of capital of the company.

GOING CONCERN

After making adequate enquiries from the management and from based on the Annual Budget approved by the Directors, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future as disclosed in Note 39 on pages 134 to 135.

EVENTS OCCURRING AFTER THE REPORTING DATE

Details of events after reporting date are set out in Note 38 on page 134.

ANNUAL GENERAL MEETING

The Notice of the Sixteenth (16th) Annual General Meeting appears on page 144.

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by the section 168(1) (k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

This Annual report is signed for and on behalf of the board of directors by

S P S Ranatunga
Chairman

M P D Cooray
Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

24th August 2026

Colombo

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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TO THE SHAREHOLDERS OF H V A FOODS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of HVA Foods PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2026, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policy information and other explanatory information as set out on pages 88 to 136.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31st March 2026, 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 the 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.

a) Impairment Assessment on Goodwill

Refer to Note 3.5 of the accounting policies and Note 13 for notes to the Financial Statements on Goodwill.

Risk Description	Our Responses
The Financial Statements include goodwill amounting to Rs.263,849,498/- with infinite useful life. It represents the goodwill arising on the acquisition of business operations and certain assets of HVA Lanka Exports (Pvt) Ltd. Goodwill is subject to an annual impairment test using significant estimates as disclosed in Note 13 to the Financial Statements. We identified the assessment of potential impairment of goodwill as a key audit matter because such assessment involves certain judgmental assumptions which could be subject to management bias.	Our audit procedures included; » Assessing the cash flow forecast prepared by the management against auditor's own expectations based on auditor's knowledge of the Group and experience of the industry in which it operates » Evaluating management's forecasted revenues, growth rates, profit margins, tax rates and discount rates based on our knowledge of the related operations to compare them with historical forecasts and performance and industry benchmarks. This included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, the review of secured and lost contracts, and the analyses of the impact to the recoverable amounts when break-even or independently derived discount rates were applied

Risk Description	Our Responses
	» Testing the mathematical accuracy of the underlying calculations in the Group's discounted cash flow valuation models » Assessing whether the impact of current macroeconomic conditions have been considered including the going concern assessment when preparing impairment assessment and evaluating the reasonableness of assumptions and judgments made in this regard » Assessing the adequacy of the disclosures in the Financial Statements

b) Impairment Assessment on the Intangible Assets of Trademarks

Refer to Note 3.5 for the accounting policies and Note 15.1 and 15.2 for notes to the Financial Statements on Intangible assets.

Risk Description	Our Responses
The Consolidated Financial Statements for the year ended 31st March 2026 include intangible assets of Trademarks of HELADIV and INFINI-T amounting to Rs.44,938,997/- and Rs.1,064,291/- on acquisition of HVA Holdings (Pvt) Ltd and acquisition of business operations and certain assets of HVA Lanka Exports (Pvt) Ltd. Those Trademarks have an indefinite useful life. Trademarks are subject to an annual impairment test using significant estimates as disclosed in Note 15.1 and 15.2 to the Financial Statements. We identified the assessment of potential impairment of Trademarks as a key audit matter because such assessment involves certain judgmental assumptions which could be subject to management bias.	» Challenging management's forecasted revenues, growth rates, profit margins, tax rates and discount rates based on our knowledge of the related operations to compare them with historical forecasts and performance and industry benchmarks which included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, the review of secured and lost contracts, and the analyses of the impact to the recoverable amounts when break-even or independently derived discount rates were applied » Testing the mathematical accuracy of the underlying calculations in the Group's discounted cash flow valuation models » Assessing whether the impact of current macroeconomic conditions have been considered when preparing impairment assessment and evaluating the reasonableness of assumptions and judgments made in this regard » Assessing the adequacy of the disclosures in the Financial Statements

Other Information

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 consistent with the Financial Statements and the knowledge obtained in our audit or otherwise whether it appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the Financial Statements, management is responsible for assessing the Group's 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 and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

» identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

» obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.

» evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

» conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated 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.

» Plan and perform the Group's audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group's 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 the relevant ethical requirements in accordance with the Code of Ethics regarding independence and agree to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the 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 it appears from our examination, proper accounting records have been kept by the Company. However, the net assets of the Company are less than half of its stated capital, resulting in a serious loss of capital in terms of Section 220 of the Companies Act No. 07 of 2007.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent Auditor's Report is 4639.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

24th August 2026

NV/cc

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Revenue	5	2,274,796,768	1,836,076,269	2,274,796,768	1,836,076,269
Cost of sales		(1,944,650,756)	(1,663,012,247)	(1,944,650,756)	(1,663,012,247)
Gross profit		330,146,012	173,064,022	330,146,012	173,064,022
Other operating income	7	8,713,054	9,549,886	8,713,054	9,549,886
Distribution expenses		(29,282,740)	(16,338,008)	(29,282,740)	(16,338,008)
Administration expenses		(207,643,380)	(185,289,211)	(207,600,380)	(185,192,916)
Results from operating activities	8	101,932,946	(19,013,311)	101,975,946	(18,917,016)
Net finance expenses	9	(96,899,771)	(120,666,834)	(96,899,771)	(120,666,334)
Profit /(Loss) before income tax		5,033,175	(139,680,145)	5,076,175	(139,583,350)
Income tax reversal/(expense)	10	2,066,847	(250,236)	2,066,847	(250,236)
Profit/ (Loss) for the year		7,100,022	(139,930,381)	7,143,022	(139,833,586)
Other comprehensive income					
Items that will not be re-classified to profit or loss					
Actuarial (loss)/ gain on retirement benefits obligation	26	(1,559,686)	580,162	(1,559,686)	580,162
Deferred tax reversal/(expense) on actuarial gain/ loss on retirement benefit obligation	25	467,906	(524,957)	467,906	(524,957)
Total other comprehensive income		(1,091,780)	55,205	(1,091,780)	55,205
Total comprehensive income / (Loss) for the year		6,008,242	(139,875,176)	6,051,242	(139,778,381)
Profit/(loss) attributable to;					
Owners of the Company		7,100,022	(139,930,381)	7,143,022	(139,833,586)
Profit/(loss) for the year		7,100,022	(139,930,381)	7,143,022	(139,833,586)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		6,008,242	(139,875,176)	6,051,242	(139,778,381)
Total comprehensive income/(loss) for the year		6,008,242	(139,875,176)	6,051,242	(139,778,381)
Basic/diluted earnings per share	11	0.03	(0.78)	0.03	(0.78)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 to 136 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	34,219,319	43,535,314	34,219,319	43,535,314
Goodwill	13	263,849,498	263,849,498	263,849,498	263,849,498
Investment in a subsidiary	14	-	-	45,000,001	45,000,001
Other intangible assets	15	46,159,049	48,143,069	1,220,052	3,204,072
Deferred tax assets	29	199,700,439	196,468,326	199,700,439	196,468,326
Total non-current assets		543,928,305	551,996,207	543,989,309	552,057,211
Current assets					
Inventories	16	139,210,001	130,017,545	139,210,001	130,017,545
Financial assets	17	3,996,005	8,483,938	3,996,005	8,483,938
Trade receivables	18	366,696,519	353,307,908	366,696,519	353,307,908
Amounts due from related parties	19	2,294,924	2,174,770	2,788,221	2,628,067
Pre-payments and other receivables	20	89,929,107	14,444,560	89,929,107	14,444,560
Deposits and advances	21	26,595,246	26,278,995	26,595,246	26,278,995
Cash and cash equivalents	22	68,468,971	44,437,022	68,468,971	44,437,022
Total current assets		697,190,773	579,144,738	697,684,070	579,598,035
Total assets		1,241,119,078	1,131,140,945	1,241,673,379	1,131,655,246
EQUITY AND LIABILITY					
Stated capital	23	954,965,559	954,965,559	954,965,559	954,965,559
Revaluation reserve	24	13,844,718	15,013,718	13,844,718	15,013,718
Accumulated losses	25	(1,033,100,945)	(1,040,779,187)	(1,032,503,644)	(1,040,224,886)
Total equity attributable to the equity holders of the Company		(64,290,668)	(70,799,910)	(63,693,367)	(70,245,609)
Total equity		(64,290,668)	(70,799,910)	(63,693,367)	(70,245,609)
Non-current liabilities					
Retirement benefits obligation	26	17,395,004	12,282,207	17,395,004	12,282,207
Interest-bearing loans and borrowings - non-current	27	189,514,637	203,745,331	189,514,637	203,745,331
Government grant - non-current	28	4,437,526	5,546,926	4,437,526	5,546,926
Total non-current liabilities		211,347,167	221,574,464	211,347,167	221,574,464
Current liabilities					
Trade payables	30	73,156,977	72,765,782	73,156,977	72,765,782
Interest-bearing loans and borrowings - current	27	631,313,290	632,900,814	631,313,290	632,900,814
Government grant - current	28	1,109,400	1,109,400	1,109,400	1,109,400
Deposits and advances	31	6,124,443	2,870,904	6,124,443	2,870,904
Accrued expenses and other payables	32	112,338,288	83,046,155	112,295,288	83,006,155
Amount due to a related party	33	143,364,721	40,788,415	143,364,721	40,788,415
Bank overdrafts	22	126,655,460	146,884,921	126,655,460	146,884,921
Total current liabilities		1,094,062,579	980,366,391	1,094,019,579	980,326,391
Total liabilities		1,305,409,746	1,201,940,855	1,305,366,746	1,201,900,855
Total equity and liabilities		1,241,119,078	1,131,140,945	1,241,673,379	1,131,655,246

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 to 136 form an integral part of these Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Mr. Nishantha Fernando
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and Signed for and on behalf of the Board.

Mr. C.G. Stork
Director

Mr. M.P.D. Cooray
Director

24th August 2026

Colombo

STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31st March	Note	Attributable to equity holders of the company			
		Stated capital Rs.	Revaluation reserves Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 01st April 2024		582,965,063	15,013,718	(900,904,011)	(302,925,230)
Comprehensive income					
Loss for the year		-	-	(139,930,381)	(139,930,381)
Other comprehensive income					
Actuarial gain on retirement benefit obligation	26	-	-	580,162	580,162
Deferred tax expense on actuarial gain on retirement benefit obligation	29	-	-	(524,957)	(524,957)
Total comprehensive (loss)		-	-	(139,875,176)	(139,875,176)
Transactions with owners of the Company					
Issue of shares	23	372,000,496	-	-	372,000,496
Balance as at 31st March 2025		954,965,559	15,013,718	(1,040,779,187)	(70,799,910)
Comprehensive income					
Profit for the year		-	-	7,100,022	7,100,022
Other comprehensive income					
Actuarial loss on retirement benefit obligation	26	-	-	(1,559,686)	(1,559,686)
Deferred tax reversal on actuarial loss on retirement benefit obligation	29	-	-	467,906	467,906
Transferred revaluation surplus on land disposed to retained earnings		-	(1,670,000)	1,670,000	-
Realisation of revaluation surplus on disposal of land		-	501,000	-	501,000
Total comprehensive income		-	(1,169,000)	7,678,242	6,509,242
Balance as at 31st March 2026		954,965,559	13,844,718	(1,033,100,945)	(64,290,668)

Company

For the year ended 31st March	Note	Stated capital Rs.	Revaluation reserves Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 01st April 2024		582,965,063	15,013,718	(900,446,505)	(302,467,724)
Comprehensive income					
Loss for the year		-	-	(139,833,586)	(139,833,586)
Other comprehensive income					
Actuarial gain on retirement benefit obligation	26	-	-	580,162	580,162
Deferred tax expense on actuarial gain on retirement benefit obligation	29	-	-	(524,957)	(524,957)
Total comprehensive (loss)		-	-	(139,778,381)	(139,778,381)
Transactions with owners of the Company					
Issue of shares	23	372,000,496	-	-	372,000,496
Balance as at 31st March 2025		954,965,559	15,013,718	(1,040,224,886)	(70,245,609)
Comprehensive income					
Profit for the year		-	-	7,143,022	7,143,022
Other comprehensive income					
Actuarial loss on retirement benefit obligation	26	-	-	(1,559,686)	(1,559,686)
Deferred tax reversal on actuarial loss on retirement benefit obligation	29	-	-	467,906	467,906
Transferred revaluation surplus on land disposed to retained earnings		-	(1,670,000)	1,670,000	-
Realisation of revaluation surplus on disposal of land			501,000	-	501,000
Total comprehensive income		-	(1,169,000)	7,721,242	6,552,242
Balance as at 31st March 2026		954,965,559	13,844,718	(1,032,503,644)	(63,693,367)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 to 136 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flow from operating activities					
Profit before tax		5,033,175	(139,680,145)	5,076,175	(139,583,350)
Adjustments for:					
Depreciation on property, plant and equipment	12	9,797,768	9,723,211	9,797,768	9,723,211
Amortisation of intangible assets	15	1,307,863	1,769,008	1,307,863	1,769,008
Provision for defined benefits obligation - gratuity	26	4,009,073	3,226,235	4,009,073	3,226,235
Interest income on deposits and savings	9	(2,031,010)	(1,614,080)	(2,031,010)	(1,614,080)
Reversal of provision for inventories	16	(9,804,335)	(6,947,202)	(9,804,335)	(6,947,202)
Written off - inventories		6,211,217	9,474,397	6,211,217	9,474,397
Reversal /(provision) on trade receivable	18	25,106,322	(1,825,800)	25,106,322	(1,825,800)
Written off - trade receivable		28,278,131	-	28,278,131	-
Trademark -write-off	15	676,157	1,154,154	676,157	1,154,154
Amortisation of government grant	28	(1,109,400)	(1,109,400)	(1,109,400)	(1,109,400)
Loss/(Gain) on fair valuation of financial investments	7	(1,129,635)	(198,294)	(1,129,635)	(198,294)
Unrealised exchange gain/(loss) on borrowings	27	428,669	(4,572,601)	428,669	(4,572,601)
Interest on lease	9	1,265,702	1,574,949	1,265,702	1,574,949
Interest expenses	9	86,910,963	103,199,474	86,910,963	103,199,474
Unrecoverable VAT		2,344,487	190,855	2,344,487	190,855
Profit on sale of property, plant and equipment	7	(1,108,000)	-	(1,108,000)	-
		151,153,972	114,044,906	151,153,972	114,044,906
Operating profit/(loss) before working capital changes		156,187,147	(25,635,239)	156,230,147	(25,538,444)
(Increase)/decrease in inventories		(5,599,338)	268,214,257	(5,599,338)	268,214,257
Increase in trade receivable		(66,773,064)	(49,949,175)	(66,773,064)	(49,949,175)
(Increase)/decrease in pre-payments and other receivables		(75,680,907)	1,184,269	(75,680,907)	1,184,269
Increase in amounts due from related parties		(120,154)	(239,645)	(160,154)	(333,440)
(Increase)/decrease in deposits and advance receivables		(316,251)	15,639,349	(316,251)	15,639,349
Increase in trade payable		391,195	11,287,053	391,195	11,287,053
Increase/(decrease) in amount due to related party		102,576,306	(270,319,497)	102,576,306	(270,319,497)
Increase/(decrease) in deposits and advance payable		3,253,539	(201,758,274)	3,253,539	(201,758,274)
Increase in accrued expenses and other creditors		26,947,646	2,967,738	26,944,646	2,964,738
Cash generated from / (used) in operations		140,866,119	(248,609,164)	140,866,119	(248,609,164)
Interest paid	9	(86,910,963)	(103,199,474)	(86,910,963)	(103,199,474)
Lease interest paid	9	(1,265,702)	(1,574,949)	(1,265,702)	(1,574,949)
Gratuity paid	26	(455,963)	(245,709)	(455,963)	(245,709)
Net cash generated from/(used) in operating activities		52,233,491	(353,629,296)	52,233,491	(353,629,296)
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(4,823,773)	(2,393,347)	(4,823,773)	(2,393,347)
Net Increase/(decrease) in financial assets		5,617,568	(6,460,823)	5,617,568	(6,460,823)
Interest received	9	2,031,010	1,614,080	2,031,010	1,614,080
Proceeds from sale of property, plant and equipment	7	5,450,000	-	5,450,000	-
Net cash generated from/(used) in investing activities		8,274,805	(7,240,090)	8,274,805	(7,240,090)
Cash flows from financing activities					
Repayments of lease creditors		(1,059,898)	(750,656)	(1,059,898)	(750,656)
Issue of shares		-	372,000,496	-	372,000,496
Proceeds from interest bearing loans and borrowings		2,524,027,223	1,465,013,610	2,524,027,223	1,465,013,610
Repayment of interest bearing loans and borrowings		(2,539,214,211)	(1,476,815,290)	(2,539,214,211)	(1,476,815,290)
Net cash (used) in/generated from financing activities		(16,246,886)	359,448,160	(16,246,886)	359,448,160
Net increase/(Decrease) in cash and cash equivalents		44,261,410	(1,421,226)	44,261,410	(1,421,226)
Cash and cash equivalents as at the beginning of the year (Note A)	22	(102,447,899)	(101,026,673)	(102,447,899)	(101,026,673)
Cash and cash equivalents as at the end of the year (Note B)	22	(58,186,489)	(102,447,899)	(58,186,489)	(102,447,899)
As the beginning					**(Note A)**
Cash in hand and balance at bank		44,437,022	28,916,457	44,437,022	28,916,457
Bank overdraft		(146,884,921)	(129,943,130)	(146,884,921)	(129,943,130)
		(102,447,899)	(101,026,673)	(102,447,899)	(101,026,673)
As the end					**(Note B)**
Cash in hand and balance at bank		68,468,971	44,437,022	68,468,971	44,437,022
Bank overdraft		(126,655,460)	(146,884,921)	(126,655,460)	(146,884,921)
		(58,186,489)	(102,447,899)	(58,186,489)	(102,447,899)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 88 to 136 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

HVA Foods PLC ("the Company") is a public quoted company domiciled in Sri Lanka. The Company was incorporated on 02nd August 1997 and the registered office of the Company is located at No. 118, Braybrooke Place, Colombo 02.

Ordinary shares of the Company are listed on the Colombo Stock Exchange and the Company became a public quoted company on 04th May 2011.

1.2 Principal activities and nature of operations

The principal activity and nature of operations of the Company are processing, packing and exporting of bulk and value-added teas. The Company also engages in the development, manufacture and distribution of tea extract-based products as well as herbs and spices.

1.3 The parent entity

George Steuart and Company Limited is the parent entity which owns 54.4.% of ordinary shares of the Company.

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of HVA Foods PLC, as at and for the year ended 31st March 2026 comprise the Company and its subsidiary company (together referred to as the "Group" and individually as "Group entities").

The Financial Statements of all the companies in the Group are prepared for a common financial year, which ends on 31st March.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Consolidated Financial Statements which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and the summary of material accounting policies and other explanatory information have been prepared in accordance with Sri Lanka Accounting Standards (LKAS/SLFRS), and the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

The Financial Statements were authorised for issue by the Board of Directors on 24th August 2026.

2.2 Responsibility for the Consolidated Financial Statements

The Board of Directors takes the responsibility for the preparation of these Consolidated Financial Statements in accordance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.3 Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following account balances.

- The liability for defined benefit obligation recognised is actuarially valued and recognised at the present value of the defined benefit obligation.
- Property, plant and equipment are measured at cost at the time of acquisition and subsequently at the revalued amounts less accumulated depreciation and impairment losses.
- Financial instruments classified as fair value through profit and loss are measured at fair value.

2.4 Going concern

The Group has prepared the Consolidated Financial Statements for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the Consolidated Financial Statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and their effect on the Group and the appropriateness of using the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company and Group's ability to continue to operate as a going concern. The management has formed the judgment that the Company and Group, have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial support from the parent company.

In determining the above, significant management judgment, estimates, and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions, foreign exchange market limitations, and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed as relevant under the notes.

The going concern of the Group is discussed in detail under Note 39 to the Consolidated Financial Statements.

2.5 Functional and presentation currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the functional currency of the Company and Group. All amounts have been rounded to the nearest rupee, unless stated otherwise.

There was no change in the Group's presentation and functional currency during the year.

2.6 Use of estimates and judgments

In preparing these Consolidated Financial Statements, management has made judgments, estimates and assumptions that affect the application of accounting policies of the Group and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting Estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, 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 Consolidated Financial Statements are described in the following notes:

Critical accounting estimate/judgment	**Disclosure note**
Property, plant and equipment	12
Inventories	16
Trade receivables	18
Retirement benefit obligation	26
Deferred taxation	29
Commitments and contingencies	37
Goodwill	13
Other intangible assets	15

2.7 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.

2.8 Comparative information

The presentation and classification of the Consolidated Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Changes in accounting standards

a) The following amendments are effective from the period beginning 01st January 2026

» Amendments to the Classification and Measurement of Financial Instruments

Amendments to IFRS 9 "Financial Instruments" clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

Mandatorily effective for annual reporting periods beginning on or after 01st January 2026.

» Contracts Referencing Nature-Dependent Electricity

Amendments to IFRS 9 and IFRS 7 are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments. This publication outlines the amendments, together with a summary of the rationale behind the proposals, and considerations for entities when implementing the amendments.

Mandatorily effective for annual reporting periods beginning on or after 01st January 2026.

- Presentation and Disclosure in Financial Statements (SLFRS 18)

  The objective of this standard is to give investors more transparent and comparable information about the companies' financial performance, thereby enabling better investment decisions. SLFRS 18 introduces three sets of new requirements to improve companies reporting of financial performance and to give investors a better basis for analysing and comparing companies.

  - Standardised Categories in the Statement of Profit or Loss: Income and expenses will be classified into three distinct categories as operating, investing, and financing along with mandatory subtotals to significantly improve comparability across companies.
  - Transparency of Management-defined Performance Measures (MPMs): Requiring companies to disclose specific non-GAAP/non-SLFRS performance measures in a single note, including a full reconciliation to the most directly comparable SLFRS subtotal.
  - Enhanced Principles for Grouping Information (Aggregation and Disaggregation): Establishing clearer guidance on whether information belongs in the primary Financial Statements or the notes, ensuring material information is not obscured.

- Subsidiaries without Public Accountability: Disclosures (IFRS 19)

  The objective of this standard is to establish a voluntary, reduced disclosure framework that eligible subsidiaries are permitted to apply in place of the disclosure requirements specified in other SLFRS Accounting Standards.

  An eligible subsidiary electing to apply IFRS 19 must continue to follow the recognition, measurement, and presentation criteria mandated by all other applicable IFRS Accounting Standards. Except under specified circumstances, the reduced disclosure provisions of IFRS 19 will supersede the disclosure requirements of those individual standards.

  Furthermore, in accordance with the materiality principles outlined in IFRS 18 (Presentation and Disclosure in Financial Statements), an entity applying IFRS 19 is not required to provide a specific disclosure if the resulting information is deemed immaterial.

  The assessment of the impact on the Company does not have any material impact on the Financial Statements of the Company.

(b) The following amendments are effective for the period beginning 01st January 2027

The Group intends to adopt the new and amended standards and interpretations that are issued, but are not yet effective, up to the date of issuance of the Group's Financial Statements, if applicable, when they become effective.

- IFRS 18 Presentation and Disclosure in Financial Statements - The objective of this standard is to give investors more transparent and comparable information about companies' financial performance, thereby enabling better investment decisions. IFRS 18 introduces the following three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies.

  1. Improved comparability in the statement of profit or loss (income statement)
  2. Enhanced transparency of management-defined performance measures
  3. More useful grouping of information in the Financial Statements

- IFRS 19 Subsidiaries without Public Accountability: Disclosures - The objective of this standard is to specify the disclosure requirements the Group is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. An eligible subsidiary that applies IFRS 19 is required to apply the requirements in other IFRS Accounting Standards for recognition, measurement and presentation requirements. For disclosure requirements, it applies IFRS 19 instead of the disclosure requirements in other IFRS Accounting Standards, except in specified circumstances. In accordance with IFRS 18 Presentation and Disclosure in Financial Statements, an entity applying IFRS 19 is not required to provide a specific disclosure required by IFRS 19 if the information resulting from that disclosure would not be material.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, unless otherwise indicated. The accounting policies of the Company have been consistently applied by the Group entities where applicable and deviations if any, have been disclosed accordingly.

3.1 Basis of consolidation

The Consolidated Financial Statements (referred to as that of the "Group") comprise the Financial Statements of the Company and its subsidiary company.

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The Consolidated Financial Statements are prepared up to 31st March the common financial year end. There are no significant restrictions on the ability of the subsidiary company to transfer its funds to the parent entity in the form of cash dividends or to repay loans and advances.

» HVA Holdings (Pvt) Limited – A company incorporated in Sri Lanka and fully owned by HVA Foods PLC, has been consolidated in these Financial Statements.

3.1.2 Acquisition of non-controlling interests

Acquisition of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. Therefore, no goodwill is recognised as a result of such transactions.

3.1.3 Goodwill on consolidation

Goodwill represents the excess of the cost of an acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. The goodwill is initially recognised at cost. Such goodwill is identified into a cash generating unit and is annually tested for impairment. After initial recognition, the goodwill is stated at cost less accumulated impairment losses. The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition of the entity, it is recognised immediately in the consolidated statement of comprehensive income.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency, at exchange rates at the dates of the transactions. Export sales contracts which were transacted in foreign currency are converted to functional currency at the rates of exchange prevailing at the date when revenue is recognised.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are generally recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3 Financial instruments – initial recognition and subsequent measurement

3.3.1 Financial assets

3.3.1.1 Initial recognition and subsequent measurement

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

a) Amortised cost

These assets arise principally from the provision of goods and services to customers (trade and receivables) but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely the payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within SLFRS 9 – Financial Instruments, using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a generally expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve months' expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables, amounts due from related parties, deposits and advances and cash and cash equivalents.

Cash and cash equivalents include cash in hand and demand deposits held with banks.

b) Fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

c) Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as "at fair value through profit or loss" and measured at fair value with changes in fair value recognised in profit or loss.

A financial asset measured at fair value through profit or loss is recognised initially at fair value and its transaction cost is recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and presented in "finance income" or "finance cost" in the statement of income for the reporting period in which it arises.

Financial assets at fair value through profit or loss of the Group include investment in quoted shares.

3.3.1.2 Derecognition

The Group derecognises a financial asset when, and only when:

a) the contractual rights to the cash flows from the financial asset expire, or
b) it transfers the financial asset and the transfer qualifies for derecognition.

The Group transfers a financial asset if, and only if, it either transfers the contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

When the Group transfers a financial asset, the Group evaluates the extent to which it retains the risks and rewards of the ownership of the financial asset. In this case:

a) if the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset and recognises separately as assets or liability any rights and obligations created or retained in the transfer.
b) if the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the financial asset.
c) if the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group determines whether it has retained control of the financial asset.

3.3.1.3 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost or at fair value through other comprehensive income. The Group, at each reporting date measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since the initial recognition. For trade and other receivables, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

3.3.2 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.3.3 Financial liabilities

3.3.3.1 Initial recognition and measurement

All financial liabilities are recognised initially at fair value. This includes directly attributable transaction costs. The financial liabilities are subsequently measured at amortised cost or fair value through profit or loss, as discussed below.

3.3.3.2 Classification of financial liabilities

a) Financial liabilities measured at amortised cost

A financial liability other than those measured at fair value through profit or loss is classified as a financial liability measured at amortised cost. A financial liability at amortised cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortised cost based on the effective interest rate method.

b) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value. After initial recognition, the financial liability is measured at fair value with subsequent changes recognised as profit or loss.

The financial liabilities of the Group include trade and other payables and interest-bearing borrowings. Those financial liabilities are measured at amortised cost.

3.3.3.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.3.4 Offsetting of financial instruments

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

3.3.5 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments that are not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 35 to the Financial Statements.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Property plant and equipment except motor vehicles are stated at fair value less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.4.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of day-to-day servicing of property, plant and equipment are expensed as incurred.

3.4.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amounts substituted for cost, less its residual value.

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Lease assets 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. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful lives are as follows.

Motor vehicles	04 to 06 years
Stores equipment	05 to 20 years
Furniture and fittings	10 years
Plant and machinery	05 to 20 years
Tea-room equipment	04 years
Office equipment	04 years
Ice tea equipment and others	04 years

3.4.4 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from it. The gain or loss arising on derecognition of an item of property, plant and equipment is included in the statement of comprehensive income when the item is derecognised.

When replacement costs are recognised in the carrying amount of an item of property and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspection is derecognised.

3.4.5 Gain and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income/other expenses" in the statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.4.6 Revaluation of property, plant and equipment

A revaluation of an item of Property, Plant and Equipment (PPE) is carried out when there is substantial difference between the fair value and the carrying amount. Valuation of the Property, Plant and Equipment, except motor vehicles are undertaken by professionally qualified valuers on a minimum of 4-5 years.

On revaluation of an item of PPE, any increase in the carrying amount is recognised in other comprehensive income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same item of PPE, which was charged to profit or loss. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in profit or loss or debited in the other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that item of PPE. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an item of PPE is transferred directly to retained earnings on retirement or disposal of the item of PPE.

3.4.6.1 Revaluation of plant and machinery

Accounting judgments, estimates and assumptions

Revaluation of the plant and machinery are ascertained by independent valuations carried out by chartered valuation surveyors, who have recent experience in valuing properties of similar category. Plant and machinery are appraised as of similar category. Revaluation is appraised in accordance with LKAS 16, SLFRS 13. In determining the revaluation, the current condition of the assets, future usability and associated re-development requirements have been considered. Further, the valuers have made reference to market evidence of transaction prices for similar assets, with appropriate adjustments for size and category. The most recent revaluation was carried out on 31st March 2023.

3.4.7 Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

3.4.7.1 Finance leases

Finance leases – Group as a lessee:

Finance leases that transfer substantially all risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

3.4.7.2 Right-of-use assets – Company as a lessee

a) Basis of recognition

The Group applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all leasehold rights except for short-term leases, which are held for use in the provision for services.

b) Basis of measurement

The Group recognises the right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the commencement date less any lease incentives received.

c) Depreciation

Right-of-use assets are depreciated over the lease term of the assets as there is no reasonable certainty that the Group will obtain ownership of such assets by the end of the lease term.

3.4.7.3 Lease liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at the present value of lease payments to be made over the lease term. The present value of lease commitments as at 1st April 2019 has been calculated using the weighted average incremental borrowing rate. The Group applied a modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

Details of "Right-of-use asset" and "Lease liability" are given in Note 12.3 and 27.1.2 to the Consolidated Financial Statements.

3.5 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. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The intangible assets of the Group include the following:

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired business at the date of acquisition. The goodwill acquired in a business combination is tested annually for impairment and losses on impairment are recognised in arriving at profit or loss for the year. Impairment losses on goodwill are not reversed.

b) Trademarks

Trademarks acquired as part of a business combination, are capitalised as part of intangible assets if the trademark meets the definition of an intangible asset and the recognition criteria are satisfied. Trademarks are reviewed for impairment annually and losses on impairment are recognised in arriving at profit or loss for the year.

c) Computer software

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured with the probability that they will lead to future economic benefits, are included in the statement of financial position under the category 'intangible assets' and carried at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

The class of intangible assets	Useful life
Computer software	4 years
Art work	4 years

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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition 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.

3.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing of 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 fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash – generating unit 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 risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

3.7 Government grants

A government grant is recognised in the statement of financial position initially as deferred income when there is a reasonable assurance that it will be received and the conditions attached to it are complied with.

Grants that compensate the Group for expenses incurred are recognised as revenue in the income statement on a systematic basis in the periods in which the expense is incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as revenue on a systematic basis over the useful life.

3.8 Inventories

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

The cost of inventory is determined on the basis of the Weighted Average Cost (WAC) and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.9 Liabilities and provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment later than one year from the reporting date.

All known liabilities have been accounted for in preparing the Consolidated Financial Statements.

3.9.1 Employee benefits

3.9.1.1 Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

The Group contributes 12% and 3% of gross salary to the Employees Provident Fund and Employees Trust Fund respectively, in terms of Employees' Provident Fund Act No. 15 of 1958 as amended and to the Employees' Trust Fund in terms of the Employees' Trust Fund Act No. 46 of 1980 as amended. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognised as an expense in the statement of comprehensive income, as incurred.

3.9.1.2 Defined benefit plan

The Defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in Note 26 to the Consolidated Financial Statements. This liability is not externally funded, and the item is grouped under non-current liabilities in the statement of financial position. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

The Group recognises all actuarial gains and losses arising from the defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in the statement of profit or loss.

3.9.1.3 Short-term benefits

Short-term employee benefits obligation is measured on an undiscounted basis and is expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.9.1.4 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the liability. Unwinding of discount is recognised as finance cost.

3.10 Revenue recognition

3.10.1.1 Revenue

Sale of goods

a) Identification of contracts with customers

The Group accounts for a contract with a customer when the contract is approved by the parties, the rights and payment terms are identifiable, the contract has commercial substance, and collection of consideration is probable.

b) Performance obligations and timing of revenue recognition

The Group's revenue is mainly derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgment needed in identifying the point at which control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods.

c) Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

d) Allocating amounts to performance obligations

For contracts with customers, there is a fixed unit price for each product sold. Therefore, there is no judgment involved in allocating the contract price to each unit in such contracts. Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's stand-alone selling prices (all product lines are capable of being, and are, sold separately).

e) Revenue recognition

The Group recognises revenue when the Group satisfies a performance obligation transferring promised goods or services to a customer. Goods are transferred when the customer obtains the control of those goods.

3.10.1.2 Interest income

Interest income is recognised based on the effective interest rate method and it is accrued in profit or loss.

3.10.1.3 Dividend income

Dividend income is recognised when the shareholders' right to receive the payment is established, which in the case of quoted securities, is the ex-dividend date.

3.10.1.4 Other income

Other income consists of income from sources other than the main operational activities. Other income is recognised on an accrual basis.

3.10.2 Expenditure

3.10.2.1 Expenses recognition

Expenses are recognised in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of a specific item of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

3.10.2.2 Finance expenses

Finance expenses comprise interest expenses on borrowings which are recognised in the profit or loss using the effective interest method, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

3.11 Taxation

a) Income tax

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

b) Current taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The provision for income tax is based on the elements of income and expenditure as reported in the Consolidated Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

c) Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future, and differences measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of the goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if legally there is an enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 Comparative information

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous year. Where the presentation or classification of items in the Financial Statements is amended in the current year, comparative amounts are also re-classified unless it is impracticable.

3.13 Segmental information

The company has evaluated its business activities and reporting structure in accordance with SLFRS 8 – Operating Segments. Based on this assessment, management has determined that no operating segments satisfy the reportable segment criteria prescribed by the Standard. Consequently, the Group is considered to operate as a single operating segment, and separate segment disclosures have not been provided in these Financial Statements.

The Board of Directors believes that it is not practical to provide segmental disclosures relating to segment costs and expenses and subsequently segment profits and losses, since a realistic allocation cannot be made. The fixed assets used in the Group’s business are not identifiable to any particular reportable segment and can be used interchangeably among segments. Consequently, management believes that it is not practical to provide segmental disclosures relating to total assets since a realistic analysis among the various operating segments is not possible.

3.14 Statement of cash flows

The cash flows of the Group have been presented by using the “indirect method” in accordance with LKAS-7: Statement of Cash Flows.

3.15 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group’s control. Contingent liabilities and commitments are disclosed in Note 37 to the Consolidated Financial Statements.

4. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. Further quantitative disclosures are included throughout the notes to the Consolidated Financial Statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.1 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 arises principally from the Group’s receivables from customers and investment securities.

The Group is exposed to credit risk on trade receivables and other receivables, investment securities and bank balances.

4.1.1 Trade and other receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group applies the SLFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade and other receivables as disclosed in Note 3.3.1.1.(a).

4.2 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 considered that cash flow scrutiny is paramount and has adopted a disciplined approach across the units including setting up of Group-wide spend control and cash management measures for preserving and increasing liquidity, particularly on account of the impact of the current economic crisis.

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.3.1 Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies in which these transactions primarily are denominated are USD, SGD and Euro. To manage foreign exchange risk arising from those transactions, the Group ensures that it keeps adequate funds in foreign currency in its bank accounts and negotiates terms and conditions in the agreements with the suppliers. Foreign exchange risk arises when commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The uncertainty caused by the current economic crisis could lead to increased pressure on the local currency resulting in higher foreign exchange risk. However, the management has implemented various policies and strategies over foreign activities to minimise anticipated currency risk, if any.

4.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

With the prolonged impact from the prevailing economic conditions of the country, the Group has heightened the importance of having robust governance processes and systems and controls to mitigate the potential for operational losses.

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.

5 REVENUE

Export sales	2,194,140,891	1,728,277,640	2,194,140,891	1,728,277,640
Local sales	80,655,877	107,798,629	80,655,877	107,798,629
	2,274,796,768	1,836,076,269	2,274,796,768	1,836,076,269

5.1 Geographical segment analysis (by location of customers)

Russia and the CIS States	158,303,901	258,671,718	158,303,901	258,671,718
Far East/Asia	183,426,255	788,001,885	183,426,255	788,001,885
Europe	461,445,921	92,174,119	461,445,921	92,174,119
USA/Canada/UK/Barbados	74,972,172	179,101,724	74,972,172	179,101,724
Middle East and Africa	1,315,992,642	410,328,194	1,315,992,642	410,328,194
Domestic	80,655,877	107,798,629	80,655,877	107,798,629
	2,274,796,768	1,836,076,269	2,274,796,768	1,836,076,269

6 SEGMENTAL INFORMATION

There are no separately distinguishable expenses, assets and liabilities for the above segments.

7 OTHER OPERATING INCOME

Profit on disposal of property, plant and equipment	1,108,000	-	1,108,000	-
Amortisation of Government grants (Note 28)	1,109,400	1,109,400	1,109,400	1,109,400
Dividend income from quoted investments	-	16,935	-	16,935
Reimbursement income	3,738,119	5,837,986	3,738,119	5,837,986
Fair value gain on investments	1,129,635	198,294	1,129,635	198,294
Others	892,148	1,138,382	892,148	1,138,382
Investment	735,752	1,248,889	735,752	1,248,889
	8,713,054	9,549,886	8,713,054	9,549,886

8 RESULTS FROM OPERATING ACTIVITIES

The results from operating activities are stated after charging all expenses including the following:

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Auditor's remuneration - external audit	2,013,557	1,541,875	1,980,557	1,511,875
Auditor's remuneration - other services	905,159	821,508	895,159	811,508
Internal audit fee	-	38,125	-	38,125
Directors' emoluments including non-executive directors' fees	26,130,414	22,740,419	26,130,414	22,740,419
Depreciation on property, plant and equipment	9,797,768	9,723,211	9,797,768	9,723,211
Amortisation of other intangible assets	1,307,863	1,769,008	1,307,863	1,769,008
Legal and secretarial expenses	1,457,036	1,020,234	1,457,036	1,020,234
Salaries and wages	87,500,242	62,618,065	87,500,242	62,618,065
EPF	10,500,029	8,020,447	10,500,029	8,020,447
ETF	2,625,007	2,005,111	2,625,007	2,005,111
Provision for retirement benefit obligation	4,009,073	3,226,235	4,009,073	3,226,235
Bonus	15,459,502	-	15,459,502	-
Trademark Write-Off	676,157	1,154,154	676,157	1,154,154
Reversal of inventory provision	(9,804,335)	(6,947,203)	(9,804,335)	(6,947,203)
Inventory written off - obsolete stocks	6,211,217	9,474,397	6,211,217	9,474,397
Written off - trade receivable	28,278,131	-	28,278,131	-
Reversal/(provision) on trade receivable	25,106,322	(1,825,800)	25,106,322	(1,825,800)

9 NET FINANCE EXPENSES

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Finance income				
Interest income	2,031,010	1,614,080	2,031,010	1,614,080
	2,031,010	1,614,080	2,031,010	1,614,080
Finance expenses				
Loan interest - packing credit	(18,012,725)	(13,748,875)	(18,012,725)	(13,748,875)
Loan interest - term loan	(35,090,336)	(46,933,287)	(35,090,336)	(46,933,287)
Interest on lease rentals	(1,265,702)	(1,574,949)	(1,265,702)	(1,574,949)
Interest on bill discounts	(3,646,910)	-	(3,646,910)	-
Interest on related party loans	(7,586,877)	(16,091,390)	(7,586,877)	(16,091,390)
Interest on Export Loans	(167,845)	-	(167,845)	-
Bank overdraft interest	(10,785,742)	(11,300,673)	(10,785,742)	(11,300,673)
Interest on short-term loans	(15,267,438)	(15,108,613)	(15,267,438)	(15,108,613)
Bank charges	(4,372,520)	(7,368,747)	(4,372,520)	(7,368,247)
Foreign exchange loss	(2,734,686)	(10,154,380)	(2,734,686)	(10,154,380)
	(98,930,781)	(122,280,914)	(98,930,781)	(122,280,414)
Net finance expenses	(96,899,771)	(120,666,834)	(96,899,771)	(120,666,334)

10 INCOME TAX EXPENSE

10.1 Current income tax expense

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Income tax expense on current year's profit		196,360	-	196,360	-
Deferred tax expense					
(Reversal)/origination of deferred tax assets	29	(2,263,207)	250,236	(2,263,207)	250,236
Total income tax (reversal)/expense		(2,066,847)	250,236	(2,066,847)	250,236

10 INCOME TAX EXPENSE (CONTD….)

10.2 Reconciliation between the taxable profit/(loss) and accounting profit/(loss)

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Profit/(loss) before tax		5,033,175	(139,680,145)	5,076,175	(139,583,350)
Exempt income/other source of income		(6,113,797)	(2,752,800)	(6,113,797)	(2,752,800)
Taxable profit on disposal		2,778,000	-	2,778,000	-
Aggregate disallowable expenses		74,105,857	136,170,411	74,105,857	136,073,616
Aggregate allowable expenses		(93,844,873)	(112,354,817)	(93,844,873)	(112,354,817)
Taxable (loss) for the year		(18,041,638)	(118,617,351)	(17,998,638)	(118,617,351)
Tax losses brought forward		(794,329,508)	(735,352,791)	(794,329,508)	(735,352,791)
Tax loss incurred during the year		(18,041,638)	(118,617,351)	(17,998,638)	(118,617,351)
Amount written off during the year		-	58,628,056	-	58,628,056
Amounts deducted during the year		2,044,816	-	2,044,816	-
Utilisation of tax losses		-	1,012,578	-	1,012,578
Tax losses carried forward		(810,326,330)	(794,329,508)	(810,283,330)	(794,329,508)
Investment income		654,532	-	654,532	-
Assessable income from investment		654,532		654,532	
Income tax income at the rate of 30%		196,360	-	196,360	-
Total current tax for the year		196,360	-	196,360	-
Current tax on profit/(loss) for the year	10.1				
Charged to deferred tax liability on temporary differences		1,065,933	775,193	1,065,933	775,193
Charged to deferred tax asset on temporary differences		1,197,274	(524,957)	1,197,274	(524,957)
Total income tax expense		(2,263,207)	(250,236)	(2,263,207)	(250,236)

11. BASIC/DILUTED EARNINGS PER SHARE

The calculation of basic/diluted earnings per share is based on the net loss attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Profit/(loss) attributable to ordinary shareholders	7,100,022	(139,930,381)	7,143,022	(139,833,586)
Weighted average number of ordinary shares	244,526,188	180,388,222	244,526,188	180,388,222
Basic/diluted earnings per share	0.03	(0.78)	0.03	(0.78)

The basic earnings per share is the same as computed above.

12 PROPERTY, PLANT AND EQUIPMENT

12.1. a Group

Description	Land	Plant & Machinery	Ice-Tea Equipment	Stores Equipment	Furniture and Fittings	Office Equipment	Motor Vehicle	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At cost / valuation								
Balance as at 01st April 2025	4,342,000	21,500,474	1,830,231	3,668,084	5,842,944	11,954,686	3,085,510	52,223,929
Additions	-	357,500	50,998	44,000	51,747	616,105	-	1,120,350
Disposals	(4,342,000)	-	-	-	-	-	-	(4,342,000)
Balance as at 31st March 2026	-	21,857,974	1,881,229	3,712,084	5,894,691	12,570,791	3,085,510	49,002,279
Depreciation and impairment losses								
Balance as at 01st April 2025	-	8,456,132	1,743,620	3,481,276	2,555,561	8,610,463	3,085,510	27,932,562
Depreciation	-	4,284,336	41,652	188,816	588,582	2,989,380	-	8,092,766
Balance as at 31st March 2026	-	12,740,468	1,785,272	3,670,092	3,144,143	11,599,843	3,085,510	36,025,328
Total carrying amount								
As at 31st March 2026	-	9,117,506	95,957	41,992	2,750,548	970,948	-	12,976,951
As at 31st March 2025	4,342,000	13,044,342	86,611	186,808	3,287,383	3,344,223	-	24,291,367

12 PROPERTY, PLANT & EQUIPMENT (CONTD....)

12.1.b Company

Description	Land	Plant & Machinery	Ice-Tea Equipment	Stores Equipment	Furniture and Fittings	Office Equipment	Motor Vehicle	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At cost/valuation								
Balance as at 01st April 2025	4,342,000	21,500,474	1,830,231	3,668,084	5,842,944	11,954,686	3,085,510	52,223,929
Additions	-	357,500	50,998	44,000	51,747	616,105	-	1,120,350
Disposals	(4,342,000)	-	-	-	-	-	-	(4,342,000)
Balance as at 31st March 2026	-	21,857,974	1,881,229	3,712,084	5,894,691	12,570,791	3,085,510	49,002,279
Depreciation and impairment losses								
Balance as at 01st April 2025	-	8,456,132	1,743,620	3,481,276	2,555,561	8,610,463	3,085,510	27,932,562
Depreciation	-	4,284,336	41,652	188,816	588,582	2,989,380	-	8,092,766
Balance as at 31st March 2026	-	12,740,468	1,785,272	3,670,092	3,144,143	11,599,843	3,085,510	36,025,328
Total carrying amount								
As at 31st March 2026	-	9,117,506	95,957	41,992	2,750,548	970,948	-	12,976,951
As at 31st March 2025	4,342,000	13,044,342	86,611	186,808	3,287,383	3,344,223	-	24,291,367

12 PROPERTY, PLANT & EQUIPMENT (CONTD....)

12.2 Capital Work-in-progress

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ERP System Implementation				
Balance as at 1st April	14,697,275	12,577,817	14,697,275	12,577,817
Additions	4,060,923	2,119,458	4,060,923	2,119,458
Disposal/transfers	(357,500)	-	(357,500)	-
Balance as at 31st March	18,400,698	14,697,275	18,400,698	14,697,275

12.3 Right-of-use assets

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cost				
Balance as at 1st April	8,525,000	8,525,000	8,525,000	8,525,000
Additions	-	-	-	-
Balance as at 31st March	8,525,000	8,525,000	8,525,000	8,525,000
Accumulated depreciation				
Balance as at 1st April	3,978,328	2,273,328	3,978,328	2,273,328
Charge for the year	1,705,002	1,705,000	1,705,002	1,705,000
Balance as at 31st March	5,683,330	3,978,328	5,683,330	3,978,328
Depreciation carrying amount				
Balance as at 1st April	4,546,672	6,251,672	4,546,672	6,251,672
Charge for the year	(1,705,002)	(1,705,000)	(1,705,002)	(1,705,000)
Balance as at 31st March	2,841,670	4,546,672	2,841,670	4,546,672

Right-of-Use assets represent a Lorry.

As at 31st March	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Property, plant and equipment	12.1	12,976,951	24,291,367	12,976,951	24,291,367
Capital Work-in-progress	12.2	18,400,698	14,697,275	18,400,698	14,697,275
Right-of-use assets	12.3	2,841,670	4,546,672	2,841,670	4,546,672
Total Property, plant and equipment		34,219,319	43,535,314	34,219,319	43,535,314

12.4 During the year, the Group acquired property, plant and equipment to the aggregate value of Rs.4,823,773/- (2024/25 - 2,393,347/-).

12.5 Property, plant and equipment of the Group include fully-depreciated assets, the cost of which as at 31st March 2026 amounted to Rs.5,269,768/-(2024/25- Rs.1,718,000/-) and continue to be in use by the Group.

12.6 There were no capitalised borrowing costs relating to the acquisition of property, plant and equipment during the year.

12.7 There were no impairment provisions required as at 31st March 2026.

12.8 There were no temporary idle borrowing costs as at 31st March 2026.

12.9 Assets pledged as security against borrowings are disclosed in Note No.40.

12.10 During the year, the Group disposed of its freehold land for proceeds of Rs. 5,450,000/-. The land had a revalued carrying amount of Rs.4,342,000/- at the date of disposal.

12.11 Expenses recognised in statement of comprehensive income

For the year ended 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Depreciation	9,797,768	9,723,211	9,797,768	9,723,211
	9,797,768	9,723,211	9,797,768	9,723,211

13. GOODWILL

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 1st April	263,849,498	263,849,498	263,849,498	263,849,498
Balance as at 31st March	263,849,498	263,849,498	263,849,498	263,849,498

On 10th March 2021, the Company acquired the business and certain assets of HVA Lanka Exports (Pvt) Ltd for a total consideration of Rs.290,000,000/-. This acquisition has been accounted for as a business combination as per the requirements of SLFRS 3 – Business Combination.

The fair values of the net assets acquired and the goodwill on acquisition are as follows:

	Rs.
Freehold land	2,672,000
Inventories	19,028,502
Trademark	4,450,000
Total identifiable assets	26,150,502
Total consideration paid	290,000,000
Goodwill on acquisition	263,849,498

The Management has assessed to ascertain whether there could be any impairment on the goodwill on acquisition of the business of HVA Lanka Exports (Pvt) Ltd. As required by LKAS 36, Impairment of assets, the management assessed the recoverable amount of the goodwill based on value in use taking into consideration the future estimated cash flows generated through the acquired business.

Management determined forecast operating results based on past performance and expectations for the future. The pre-tax discount rate used is 9.56% and the growth rate used to extrapolate cash flow projections beyond five years is 2% per annum. Based on the assessment carried out, Value in use is higher than the carrying value of the goodwill.

Since the carrying value is less than the value in use, the Management concluded that there was no impairment of the goodwill as at reporting date.

14. INVESTMENT IN SUBSIDIARY

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Non - quoted investment				
HVA Holdings (Pvt) Ltd	-	-	45,000,001	45,000,001
	-	-	45,000,001	45,000,001

The Board of Directors has made an assessment on the impairment of the carrying amount of investment in subsidiary as at the reporting date and is confident that no impairment has been required. This has been discussed in detail under Note 15.1 of the Financial Statements.

15. OTHER INTANGIBLE ASSETS

15.1 Trademark - "HELADIV"

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
Balance as at 1st April	44,938,997	44,938,997	-	-
Balance as at 31st March	44,938,997	44,938,997	-	-

Trademark represents the excess of the cost of the business combination over the fair value of identifiable net assets of the subsidiary i.e. HVA Holdings (Pvt) Ltd as at the date of acquisition.

The Company acquired HVA Holdings (Pvt) Ltd on 29th September 2010 in order to use the international brand, "HELADIV" owned by HVA Holdings (Pvt) Ltd., as per the valuation report of Pricewaterhouse Coopers on 01st October 2010.

For the purpose of purchasing the subsidiary, the "HELADIV" trademark has been valued by royalty method, based on the five-year forecast sales projects provided by the Management and the below-mentioned royalty rates have been assessed by the indicative value of the trademark as at 31st December 2009 to be in the order of USD 1.08mn to USD 1.24mn (with a mid-point of USD 1.16mn).

'As of the reporting date, the Group has carried out an annual impairment test to assess whether the trademark has been impaired. For this purpose, the "Royalty method" has been applied and the following key assumptions have been established:

Royalty rate - 4.6%
Discount factor (Pre tax) - 16.96%
Terminal growth - 2% p.a.
Brand related expenses - 0.16% of revenue from revenue generated from Heladiv sales.

Having considered the positive growth in revenue in 2025/26 and future revenue forecast together with reasonableness of royalty rates applied, the Board of Directors is confident that trademark has not been impaired as at the reporting date.

15. OTHER INTANGIBLE ASSETS (CONTD....)

15.2 Trademark - "INFINI-T"

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cost				
Balance as at 1st April	1,740,448	2,894,602	1,740,448	2,894,602
Writeoff during the year	(676,157)	(1,154,154)	(676,157)	(1,154,154)
Balance as at 31st March	1,064,291	1,740,448	1,064,291	1,740,448

Out of the total consideration paid for the acquisition of the business of HVA Lanka Exports (Pvt) Ltd, Rs. 4,450,000/- was allocated to the trademark which was determined based on the valuation carried out by an independent professional valuer.

Valuation methodology and principal assumptions used for the brand valuation

As of the reporting date, the Group has carried out an annual impairment test to assess whether the trademark has been impaired. For this purpose, "Royalty method" has been applied and the following key assumptions established:

Royalty rate	- 4.6%
Terminal growth	- 2% p.a
Discount rate	- 16.96%
Brand related expenses	- 2.02% of revenue from revenue generated from Infini-T sales.

Considering the impairement test, the Company has made an write-off of LKR 676,157/- as at the reporting date.

15.3 Software

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Summary					
Cost					
Balance as at 1st April		3,883,564	3,883,564	3,883,564	3,883,564
Acquired/incurred during the year		-	-	-	-
Balance as at 31st March		3,883,564	3,883,564	3,883,564	3,883,564
Amortisation					
Balance as at 1st April		2,756,912	1,806,694	2,756,912	1,806,694
Amortisation charge for the year		970,891	960,304	970,891	960,304
Transfers during the year		-	(10,086)	-	(10,086)
Balance as at 31st March		3,727,803	2,756,912	3,727,803	2,756,912
Carrying amount					
Balance as at 1st April		1,126,652	2,076,870	1,126,652	2,076,870
Amortisation charge for the year		(970,891)	(960,304)	(970,891)	(960,304)
Transfers during the year		-	10,086	-	10,086
Balance as at 31st March		155,761	1,126,652	155,761	1,126,652

	As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
15.4	**Artwork**					
	Summary					
	Cost					
	Balance as at 1st April		2,426,140	2,426,140	2,426,140	2,426,140
	Acquired/incurred during the year		-	-	-	-
	Balance as at 31st March		2,426,140	2,426,140	2,426,140	2,426,140
	Amortisation					
	Balance as at 1st April		2,089,168	1,280,464	2,089,168	1,280,464
	Amortisation charge for the year		336,972	808,704	336,972	808,704
	Balance as at 31st March		2,426,140	2,089,168	2,426,140	2,089,168
	Carrying amount					
	Cost as at 31st March		336,972	1,145,676	336,972	1,145,676
	Accumulated amortisation as at 31st March		(336,972)	(808,704)	(336,972)	(808,704)
	Carrying value as at 31st March		-	336,972	-	336,972
15.5	**Total**					
	Carrying amount					
	Trademark - "HELADIV"		44,938,997	44,938,997	-	-
	Trademark - "INFINI-T"		1,064,291	1,740,448	1,064,291	1,740,448
	Software		155,761	1,126,652	155,761	1,126,652
	Artwork		-	336,972	-	336,972
	Net carrying amount		46,159,049	48,143,069	1,220,052	3,204,072

16. INVENTORIES

	As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
	Raw materials - Tea		58,786,747	56,174,753	58,786,747	56,174,753
	Raw materials - Herbs operation		24,233,289	16,685,369	24,233,289	16,685,369
	Raw material - Flavours		6,431,392	9,293,306	6,431,392	9,293,306
	Raw material - Packing materials		44,388,628	50,655,035	44,388,628	50,655,035
	Semi-finished goods		8,383,426	8,653,907	8,383,426	8,653,907
	Finished goods		1,986,797	3,359,788	1,986,797	3,359,788
			144,210,279	144,822,158	144,210,279	144,822,158
	Provision for inventories	16.1	(5,000,278)	(14,804,613)	(5,000,278)	(14,804,613)
			139,210,001	130,017,545	139,210,001	130,017,545
16.1	**Provision for inventories**					
	Balance as at 01st April		14,804,613	21,751,815	14,804,613	21,751,815
	Reversal of inventory provision		(9,804,335)	(6,947,202)	(9,804,335)	(6,947,202)
	Balance as at 31st March		5,000,278	14,804,613	5,000,278	14,804,613

17. FINANCIAL ASSETS

17.1 Financial Assets Measured At Fair Value Through Profit or Loss

As at 31st March	2026			2025		
	No. of shares	Cost Rs.	Market value Rs.	No. of shares	Cost Rs.	Market value Rs.
Group/Company						
Muller & Phipps (Ceylon) PLC	105,040	115,544	210,080	105,040	115,544	126,048
Colombo Land Developments PLC	25,000	595,000	1,277,500	25,000	595,000	560,000
Sanasa Development Bank	19,885	1,638,756	1,047,940	19,885	1,638,756	719,837
		2,349,300	2,535,520		2,349,300	1,405,885

17.2 Financial Assets Measured At Amortised Cost

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
NDB Wealth Management	1,460,485	7,078,053	1,460,485	7,078,053
	1,460,485	7,078,053	1,460,485	7,078,053
Total Financial Assets	3,996,005	8,483,938	3,996,005	8,483,938

18. TRADE RECEIVABLES

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade debtors - Export		360,314,969	377,775,923	360,314,969	377,775,923
Trade debtors - Local		24,921,463	16,819,156	24,921,463	16,819,156
		385,236,432	394,595,079	385,236,432	394,595,079
Provision for impairment losses	18.2	(18,539,913)	(41,287,171)	(18,539,913)	(41,287,171)
		366,696,519	353,307,908	366,696,519	353,307,908

	As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
18.1	**Trade debtors - Intercompany**				
	Citrus Silver Ltd	-	300,192	-	300,192
	George Steuart Consumer (Pvt) Ltd	14,968,477	6,524,501	14,968,477	6,524,501
	George Steuart Health (Pvt) Ltd	62,304	-	62,304	-
		15,030,781	6,824,693	15,030,781	6,824,693

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
18.2 Provision for impairment losses				
Balance as at 1st April	41,287,171	43,112,971	41,287,171	43,112,971
Reversal for the year	(22,747,258)	(1,825,800)	(22,747,258)	(1,825,800)
Balance as at 31st March	18,539,913	41,287,171	18,539,913	41,287,171

19. AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	Nature of relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
HVA Holdings (Pvt) Ltd	Subsidiary	-	-	493,297	453,297
Citrus Silver Ltd	Affiliate	2,294,924	2,174,770	2,294,924	2,174,770
		2,294,924	2,174,770	2,788,221	2,628,067

20 PREPAYMENTS AND OTHER RECEIVABLES

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Other taxes recoverable	74,703,614	904,789	74,703,614	904,789
Prepayment	14,147,439	13,539,771	14,147,439	13,539,771
Other receivables	1,078,054	-	1,078,054	-
	89,929,107	14,444,560	89,929,107	14,444,560

21. DEPOSITS AND ADVANCES

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Advances	23,623,773	23,316,523	23,623,773	23,316,523
Deposits	2,971,473	2,962,472	2,971,473	2,962,472
	26,595,246	26,278,995	26,595,246	26,278,995

22. CASH AND CASH EQUIVALENTS

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
22.1 Short-term deposits				
Exports margin accounts	31,027	14,055	31,027	14,055
	31,027	14,055	31,027	14,055
22.2 Favourable balances				
Cash at banks (USD)	28,148,302	12,540,348	28,148,302	12,540,348
Cash at banks (EUR)	267,388	2,576,790	267,388	2,576,790
Cash at banks (LKR)	39,847,254	29,138,409	39,847,254	29,138,409
Cash in hand	175,000	167,420	175,000	167,420
Total favourable balances	68,437,944	44,422,967	68,437,944	44,422,967
Total short-term deposits and favorable balances	68,468,971	44,437,022	68,468,971	44,437,022
22.3 Unfavourable balances/overdrafts				
Bank overdrafts	126,655,460	146,884,921	126,655,460	146,884,921
Cash and cash equivalents for the purpose of statement of cashflows	(58,186,489)	(102,447,899)	(58,186,489)	(102,447,899)

23. STATED CAPITAL

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance as at 1st April	954,965,559	582,965,063	954,965,559	582,965,063
Issued during the year	-	372,000,496	-	372,000,496
Balance as at 31st March	954,965,559	954,965,559	954,965,559	954,965,559
	Nos.	Nos.	Nos.	Nos.
Shares as at 1st April	244,526,188	116,250,155	244,526,188	116,250,155
Issued during the year	-	128,276,033	-	128,276,033
Shares as at 31st March	244,526,188	244,526,188	244,526,188	244,526,188

The holders of ordinary shares are entitled to receive dividend from time to time and entitled to one vote per individual present at the meeting of shareholders or one vote per share in case of a poll.

Rights Issue of shares

During the financial year 2024/2025, the Company successfully completed a rights Issue, offering 128,276,033 new ordinary shares at a price of Rs. 2.90 per share. The rights Issue was offered to all existing shareholders of ordinary voting shares in the ratio of thirty-two (32) new shares for every twenty-nine (29) shares held as at the record date.

24. REVALUATION RESERVE

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01st April	15,013,718	15,013,718	15,013,718	15,013,718
Transferred revaluation surplus on land disposed to retained earnings	(1,670,000)	-	(1,670,000)	-
Realisation of revaluation surplus on disposal of land	501,000	-	501,000	-
Balance as at 31st March	13,844,718	15,013,718	13,844,718	15,013,718

25. ACCUMULATED LOSSES

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01st April	(1,040,779,187)	(900,904,011)	(1,040,224,886)	(900,446,505)
Profit/(loss) for the year	7,100,022	(139,930,381)	7,143,022	(139,833,586)
Actuarial (loss)/gain on retirement benefit obligation	(1,559,686)	580,162	(1,559,686)	580,162
Deferred tax reversal/(expense) on actuarial gain/loss on retirement benefit obligation	467,906	(524,957)	467,906	(524,957)
Transferred revaluation surplus on land disposed to retained to earnings	1,670,000	-	1,670,000	-
Balance as at 31st March	(1,033,100,945)	(1,040,779,187)	(1,032,503,644)	(1,040,224,886)

26. RETIREMENT BENEFITS OBLIGATION

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 1st April	12,282,208	9,881,844	12,282,208	9,881,844
Interest cost for the year	1,412,454	1,087,003	1,412,454	1,087,003
Current service cost for the year	2,596,619	2,139,232	2,596,619	2,139,232
Gratuity paid during the year	(455,963)	(245,709)	(455,963)	(245,709)
Actuarial (gain)/loss	1,559,686	(580,162)	1,559,686	(580,162)
Balance as at 31st March	17,395,004	12,282,207	17,395,004	12,282,207

26.1 Expenses recognised in comprehensive income statement

For the year ended 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current service cost	2,596,619	2,139,232	2,596,619	2,139,232
Interest cost	1,412,454	1,087,003	1,412,454	1,087,003
	4,009,073	3,226,235	4,009,073	3,226,235

26.2 Actuarial (loss) / gain

For the year ended 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Acturial (loss) / gain on obligation				
Due to change in demographic assumptions	-	(363,230)	-	(363,230)
Due to change in financial assumptions	1,355,408	(316,448)	1,355,408	(316,448)
Due to experience adjustment	204,278	99,516	204,278	99,516
	1,559,686	(580,162)	1,559,686	(580,162)

Actuarial (loss) / gain recognised in other comprehensive income

For the year ended 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Actuarial gain/ (loss)	1,559,686	(580,162)	1,559,686	(580,162)
	1,559,686	(580,162)	1,559,686	(580,162)

The employee benefit liability of the Group is based on the actuarial valuations carried out by Messers. Actuarial & Management Consultants (Pvt) Ltd., actuaries.

The principal assumptions used in determining the cost of employee benefits as at the reporting date were as follows.

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Demographic Assumptions				
Retirement Age	60 Years	60 Years	60 Years	60 Years
Financial Assumptions				
Discount rate	10.00%	11.50%	10.00%	11.50%
Future salary increases	10.00%	10.00%	10.00%	10.00%
Staff Turnover	15.00%	15.00%	15.00%	15.00%

26.3 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
1% increase in discount rate	(925,791)	(621,732)	(925,791)	(621,732)
1% decrease in discount rate	1,025,441	686,650	1,025,441	686,650
1% increase in salary escalation rate	1,090,623	744,107	1,090,623	744,107
1% decrease in salary escalation rate	(1,001,085)	(684,190)	(1,001,085)	(684,190)

26.4 Following are the expected payments to the defined benefit plan for future years

For the year ended 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Years from the current period				
1st following year	2,063,123	1,574,791	2,063,123	1,574,791
2nd following year	1,894,746	1,486,805	1,894,746	1,486,805
3rd following year	1,742,753	1,294,947	1,742,753	1,294,947
4th following year	1,536,981	1,144,574	1,536,981	1,144,574
5th following year	1,288,230	985,311	1,288,230	985,311
Between 5 and 11 years	6,009,814	3,805,970	6,009,814	3,805,970
Sum of years 11 and above	2,859,357	1,989,809	2,859,357	1,989,809
	17,395,004	12,282,207	17,395,004	12,282,207
Weighted Average Duration of Defined Benefit Obligation (Years)	6.1	6	6.1	6

27. INTEREST BEARING LOANS AND BORROWINGS

As at 31st March		Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
27.1	**Non-current liabilities**					
27.1.1	**Secured term loans**					
	Balance as at 01st April		370,000,000	477,554,800	370,000,000	477,554,800
	Repayments during the year		(98,000,000)	(107,155,281)	(98,000,000)	(107,155,281)
			272,000,000	370,399,519	272,000,000	370,399,519
	Effect of movements in foreign exchange		-	(399,519)	-	(399,519)
	Balance as at 31st March		272,000,000	370,000,000	272,000,000	370,000,000
	Transferred to current liabilities		(84,000,000)	(168,000,000)	(84,000,000)	(168,000,000)
	Secured term loans - Non-current borrowings	(a)	188,000,000	202,000,000	188,000,000	202,000,000
	Repayable within one year		84,000,000	168,000,000	84,000,000	168,000,000
	Repayable between one and five years		188,000,000	202,000,000	188,000,000	202,000,000
	Balance as at 31st March		272,000,000	370,000,000	272,000,000	370,000,000
27.1.2.	**Finance lease obligations**					
	Balance as at 01st April		4,070,926	4,821,582	4,070,926	4,821,582
	Repayments during the year		(1,059,898)	(750,656)	(1,059,898)	(750,656)
	Balance as at 31st March		3,011,028	4,070,926	3,011,028	4,070,926
	Transferred to current liabilities		(1,496,391)	(2,325,595)	(1,496,391)	(2,325,595)
	Finance lease obligations - non-current borrowings	(b)	1,514,637	1,745,331	1,514,637	1,745,331
	Finance lease obligations repayable within one year					
	Net lease obligation		1,496,391	750,656	1,496,391	750,656
	Finance charges		828,909	1,574,939	828,909	1,574,939
	Gross liability		2,325,300	2,325,595	2,325,300	2,325,595
	Finance lease obligations repayable between one and five years					
	Net lease obligation		1,514,637	748,002	1,514,637	748,002
	Finance charges		229,338	997,329	229,338	997,329
	Gross liability		1,743,975	1,745,331	1,743,975	1,745,331
	Total non-current borrowings	(a)+(b)	189,514,637	203,745,331	189,514,637	203,745,331
27.1.3.	**Maturity Analysis - Contractual Un-discounted Cash flows**					
	Less than 3 months		581,325	581,325	581,325	581,325
	3 months to 6 months		1,162,650	647,650	1,162,650	647,650
	6 months to 1 year		2,325,300	1,325,300	2,325,300	1,325,300
	1 to 5 years		-	1,516,651	-	1,516,651
	More than 5 years		-	-	-	
			4,069,275	4,070,926	4,069,275	4,070,926

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
27.2 Current liabilities				
Bill discounting	42,163,162	68,227,343	42,163,162	68,227,343
Packing credit loans, Export loans and Short-term loans	503,653,737	394,347,876	503,653,737	394,347,876
Secured term loans - repayable within one year	84,000,000	168,000,000	84,000,000	168,000,000
Finance lease obligations - repayable within one year	1,496,391	2,325,595	1,496,391	2,325,595
	631,313,290	632,900,814	631,313,290	632,900,814

27.3 Assets pledged as security against borrowings and the facility details are disclosed in Note 40.

28. GOVERNMENT GRANTS

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance as at 1st April	6,656,326	7,765,726	6,656,326	7,765,726
Recognised in profit or loss during the year	(1,109,400)	(1,109,400)	(1,109,400)	(1,109,400)
Balance as at 31st March	5,546,926	6,656,326	5,546,926	6,656,326
Amounts expected to be recognised after one year	4,437,526	5,546,926	4,437,526	5,546,926
Amounts expected to be recognised within one year	1,109,400	1,109,400	1,109,400	1,109,400
	5,546,926	6,656,326	5,546,926	6,656,326

The Asian Development Bank offered a grant on 30th September 2009 to construct a tea concentrate plant and the project was completed on 31st March 2011. The grant is recognised as deferred income in profit or loss on a systematic basis over the useful life of the related assets.

29. DEFERRED TAX LIABILITIES/(ASSETS)

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance as at 01st April	(196,468,326)	(197,243,520)	(196,468,326)	(197,243,520)
Origination in profit or loss	(2,263,207)	250,236	(2,263,207)	250,236
Recognised in other comprehensive income	(467,906)	524,957	(467,906)	524,957
Recognized in realisation of revaluation surplus	(501,000)	-	(501,000)	-
Balance as at 31st March	(199,700,439)	(196,468,326)	(199,700,439)	(196,468,326)

Deferred tax provision / reversal for the year

Deferred tax assets/(liabilities) are attributable to the following:

29. DEFERRED TAX LIABILITIES/(ASSETS) (CONTD....)

Reversal and (origination) of temporary differences

As at 31st March	Group			
	2026		2025	
	Temporary difference Rs.	Tax Rs.	Temporary difference Rs.	Tax Rs.
Deferred tax assets				
Retirement benefit obligation	17,395,004	5,218,501	12,282,207	3,684,662
Impairment provision	23,540,191	7,062,057	-	-
Carried forward tax losses	648,574,893	194,572,466	672,284,442	201,685,332
Net lease liability	169,358	50,807	-	-
	689,679,446	206,903,831	684,566,649	205,369,994
Deferred tax liabilities				
Property, plant and equipment	7,573,356	2,272,007	11,564,269	3,469,281
Revaluation reserve	16,437,956	4,931,385	18,107,956	5,432,387
	24,011,312	7,203,392	29,672,225	8,901,668
Net deferred tax assets	665,668,134	199,700,439	654,894,424	196,468,326

As at 31st March	Company			
	2026		2025	
	Temporary difference Rs.	Tax Rs.	Temporary difference Rs.	Tax Rs.
Deferred tax assets				
Retirement benefit obligation	17,395,004	5,218,501	12,282,207	3,684,662
Carried forward tax losses	648,574,893	194,572,466	672,284,442	201,685,332
Impairment provision	23,540,191	7,062,057	-	-
Net lease liability	169,358	50,807	-	-
	689,679,446	206,903,831	684,566,649	205,369,994
Deferred tax liabilities				
Property, plant and equipment	7,573,356	2,272,007	11,564,269	3,469,281
Revaluation reserve	16,437,956	4,931,385	18,107,956	5,432,387
	24,011,312	7,203,392	29,672,225	8,901,668
Net deferred tax asset	665,668,134	199,700,439	654,894,424	196,468,326

Movement in deferred tax balance during the year

As at 31st March	Balance as at 31st March 2025 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Balance as at 31st March 2026 Rs.
Retirement benefit obligation	3,684,662	1,065,933	467,906	5,218,501
Inventory provision	-		-	-
Property, plant and equipment	(3,469,281)	1,197,274	-	(2,272,007)
Revaluation reserve	(5,432,387)	-	-	(5,432,387)
Recognised in realisation of revaluation surplus	-	-	501,000	501,000
Carried forward tax losses	201,685,332	(7,112,864)	-	194,572,469
Impairment provision	-	7,062,057	-	7,062,057
Net lease liability	-	50,807	-	50,807
Net deferred tax asset	196,468,326	2,263,207	968,906	199,700,439

As per the amendment to the Inland Revenue Act No. 24 of 2017 which was effective from 01st October 2022, the applicable income tax rate of the Company id 30%. Accordingly, 30% has been used in computing the differed tax since that rate has been substantively enacted as at 31st March 2026.

	As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
30.	**TRADE PAYABLE**					
	Trade Payables - Related Parties	30.1	1,668,885	1,680,451	1,668,885	1,680,451
	Packing material creditors		32,150,989	37,881,622	32,150,989	37,881,622
	Flavour creditors		4,110,926	2,537,663	4,110,926	2,537,663
	Foreign Creditors		33,197,333	25,554,290	33,197,333	25,554,290
	Outside Packing Creditors		2,028,844	5,111,756	2,028,844	5,111,756
			73,156,977	72,765,782	73,156,977	72,765,782
30.1	**Trade Payables - Related Parties**					
	George Steuart Consumer (Pvt) Ltd		18,885	7,951	18,885	7,951
	George Steuart & Company		1,650,000	1,672,500	1,650,000	1,672,500
			1,668,885	1,680,451	1,668,885	1,680,451
31.	**DEPOSITS AND ADVANCES**					
	Advances and deposits from customers		6,124,443	2,870,904	6,124,443	2,870,904
			6,124,443	2,870,904	6,124,443	2,870,904
32.	**ACCRUED EXPENSES AND OTHER PAYABLES**					
	Salary and related expenses		10,317,235	-	10,317,235	-
	Freight creditors		4,594,995	14,851,893	4,594,995	14,851,893
	Others - Related parties	32.1	17,463,570	13,501,478	17,463,570	13,501,478
	Others		79,962,488	54,692,784	79,919,488	54,652,784
			112,338,288	83,046,155	112,295,288	83,006,155
32.1	**Other Payables- Related Parties**					
	George Steuart Travels (Pvt) Ltd		-	164,700	-	164,700
	Citrus Silver Limited		-	431,497	-	431,497
	George Steuart Optimize (Pvt) Ltd		17,463,570	12,905,281	17,463,570	12,905,281
			17,463,570	13,501,478	17,463,570	13,501,478

33. AMOUNT DUE TO RELATED PARTIES

As at 31st March	Nature of relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
George Steuart & Company Ltd	Parent	143,364,721	40,788,415	143,364,721	40,788,415
		143,364,721	40,788,415	143,364,721	40,788,415

34. RISK MANAGEMENT

The Company has the exposure to the following risks from its use of financial instruments and operations:

- Credit risk
- Liquidity risk
- Market risk
- Operational Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further, quantitative disclosures are included throughout the notes to the Financial Statements.

Risk management framework

The Board of Directors has the overall responsibilities for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify, quantify and analyse the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with their risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

34.1 Credit risk

Credit risk refers to the potential financial loss to the Group if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. This risk primarily arises from the Group's receivables from customers and its investment in securities.

Exposure to credit risk

The carrying amount of financial assets reflect the Group's maximum exposure to credit risk. As at the reporting date, the maximum exposure to credit risk was:

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Carrying amount				
Trade receivables	385,236,432	394,595,079	385,236,432	394,595,079
Cash and cash equivalents	68,468,971	44,437,022	68,468,971	44,437,022
Financial assets	3,996,005	8,483,938	3,996,005	8,483,938
Amounts due from related party	2,294,924	2,174,770	2,788,221	2,628,067
	459,996,332	449,690,809	460,489,629	450,144,106

All these institutions have been evaluated and rated according to their respective rating criteria.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Domestic	24,921,463	16,819,156	24,921,463	16,819,156
Russia and the CIS States	56,414,569	57,062,549	56,414,569	57,062,549
Far East /Asia	50,190,803	71,489,760	50,190,803	71,489,760
Europe	122,715,139	191,899,488	122,715,139	191,899,488
USA / Canada	16,223,511	23,870,360	16,223,511	23,870,360
Middle East and Africa	114,770,947	33,453,766	114,770,947	33,453,766
	385,236,432	394,595,079	385,236,432	394,595,079

34. RISK MANAGEMENT (CONTD….)

Impairment losses

The ageing of trade receivables at the reporting date was;

As at 31st March	Gross 2026 Rs.	Impairment 2026 Rs.	Gross 2025 Rs.	Impairment 2025 Rs.
Group				
Not past due	307,288,799	-	256,683,332	-
Past due 60-90 days	27,582,451	-	26,169,340	-
Past due 91-120 days	21,752,422	-	59,354,780	-
Past due 121-365 days	9,821,979	-	17,546,023	-
Past due more than 365 days	18,790,780	18,539,913	34,841,604	41,287,171
	385,236,432	18,539,913	394,595,079	41,287,171
Company				
Not past due	307,288,799		256,683,332	
Past due 60-90 days	27,582,451		26,169,340	
Past due 91-120 days	21,752,422		59,354,780	
Past due 121-365 days	9,821,979		17,546,023	
Past due more than 365 days	18,790,780	18,539,913	34,841,604	41,287,171
	385,236,432	18,539,913	394,595,079	41,287,171

The movement in the allowance for impairment in respect of trade receivable during the year is given in Note 18.2.

34.2 Liquidity risk

Liquidity risk is the risk that the Group may face difficulty in meeting its financial obligations as they fall due, typically through the delivery of cash or other financial assets. The Group manages this risk by maintaining sufficient liquidity to meet its liabilities in a timely manner, both under normal and stressed conditions, while avoiding unacceptable losses or reputational harm.

The Group considers rigorous cash flow monitoring to be essential and has adopted a disciplined approach across all units. This includes the implementation of Group-wide spend controls and cash management measures aimed at preserving and enhancing liquidity, particularly in response to the impact of the current economic crisis.

The following are the contractual maturities of financial assets and liabilities of the Group and the Company.

As at 31st March	Note	Carrying amount Rs.	Contractual amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
Group					
31st March 2026					
Non-derivative financial assets					
Trade receivable		366,696,519	366,696,519	366,445,652	250,867
Amounts due from related parties		2,294,924	2,294,924	2,294,924	-
Financial assets		3,996,005	3,996,005	3,996,005	-
Cash and cash equivalents		68,468,971	68,468,971	68,468,971	-
		441,456,419	441,456,419	441,205,552	250,867
Non-derivative financial liabilities					
Trade payable		73,156,977	73,156,977	55,818,143	17,338,834
Amount due to related parties		143,364,721	143,364,721	102,576,306	40,788,415
Bank overdraft		126,655,460	126,655,460	126,655,460	-
Other payables	34.2 (a)	110,354,967	110,354,967	110,354,967	-
Interest bearing loans and borrowings		817,816,899	817,816,899	629,816,899	188,000,000
		1,271,349,024	1,271,349,024	1,025,221,774	246,127,249

	As at 31st March	Note	Carrying amount Rs.	Contractual amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
34.2 (a)	**Other payables**					
	EPF Payable		1,422,020	1,422,020	1,422,020	-
	PAYE Payable		561,301	561,301	561,301	-
	Other payables		110,354,967	110,354,967	110,354,967	-
		32	112,338,288	112,338,288	112,338,288	-
	31st March 2025					
	Non-derivative financial assets					
	Trade receivables		353,307,908	353,307,908	353,307,908	-
	Amounts due from related parties		2,174,770	2,174,770	2,174,770	-
	Financial assets		8,483,938	8,483,938	8,483,938	-
	Cash and cash equivalents		44,437,022	44,437,022	44,437,022	-
			408,403,638	408,403,638	408,403,638	-
	Non-derivative financial liabilities					
	Trade payable		72,765,782	72,765,782	72,765,782	-
	Amount due to related parties		40,788,415	40,788,415	40,788,415	-
	Bank overdraft		146,884,921	146,884,921	146,884,921	-
	Other payables	34.2 (b)	83,046,155	83,046,155	83,046,155	-
	Interest bearing loans and borrowings		832,575,219	832,575,219	630,575,219	202,000,000
			1,176,060,492	1,176,060,492	974,060,492	202,000,000
34.2 (b)	**Other payables**					
	EPF Payable		-	-	-	-
	PAYE Payable		-	-	-	-
	Other payables		83,046,155	83,046,155	83,046,155	-
		32	83,046,155	83,046,155	83,046,155	-
	Company					
	31st March 2026					
	Non-derivative financial assets					
	Trade receivables		366,696,519	366,696,519	366,445,652	250,867
	Amounts due from related parties		2,788,221	2,788,221	2,788,221	-
	Financial assets		3,996,005	3,996,005	3,996,005	-
	Cash and cash equivalents		68,468,971	68,468,971	68,468,971	-
			441,949,716	441,949,716	441,698,849	250,867
	Non-derivative financial liabilities					
	Trade payable		73,156,977	73,156,977	55,818,143	17,338,834
	Amount due to related parties		143,364,721	143,364,721	102,576,306	40,788,415
	Bank overdraft		126,655,460	126,655,460	126,655,460	-
	Other payables	34.2 (c)	110,311,967	110,311,967	110,311,967	-
	Interest bearing loans and borrowings		817,816,899	817,816,899	629,816,899	188,000,000
			1,271,306,024	1,271,306,024	1,025,178,775	246,127,249

34. RISK MANAGEMENT (CONTD….)

	As at 31st March	Note	Carrying amount Rs.	Contractual amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
34.2 (c)	**Other payables**					
	EPF Payable		1,422,020	1,422,020	1,422,020	-
	PAYE Payable		561,301	561,301	561,301	-
	Other payables		110,311,967	110,311,967	110,311,967	-
		32	112,295,288	112,295,288	112,295,288	-
	31st March 2025					
	Non-derivative financial assets					
	Trade receivables		353,307,908	353,307,908	353,307,908	-
	Amounts due from related parties		2,628,067	2,628,067	2,628,067	-
	Financial assets		8,483,938	8,483,938	8,483,938	-
	Cash and cash equivalents		44,437,022	44,437,022	44,437,022	-
			408,856,935	408,856,935	408,856,935	-
	Non-derivative financial liabilities					
	Trade payable		72,765,782	72,765,782	72,765,782	-
	Amount due to related parties		40,788,415	40,788,415	40,788,415	-
	Bank overdraft		146,884,921	146,884,921	146,884,921	-
	Other payables	34.2 (d)	83,006,155	83,006,155	83,006,155	-
	Interest bearing loans and borrowings		832,575,219	832,575,219	630,575,219	202,000,000
			1,176,020,492	1,176,020,492	974,020,492	202,000,000
34.2 (d)	**Other payables**					
	EPF Payable		-	-	-	-
	PAYE Payable		-	-	-	-
	Other payables		83,006,155	83,006,155	83,006,155	-
		32	83,006,155	83,006,155	83,006,155	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34.3 Market risk

Market risk refers to the possibility that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market prices—such as foreign exchange rates, interest rates, and equity prices—which may impact the Group's income or the value of its financial holdings. The objective of market risk management is to monitor and control these exposures within acceptable parameters while optimising returns. Market risk includes three primary types of risk:

- Currency risk
- Interest rate risk
- Equity price risk

34.3.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to such risk through sales and purchases denominated in currencies other than its functional currency. The primary currencies involved in these transactions are the US Dollar (USD), Singapore Dollar (SGD), and Euro (EUR).

Exposure to currency risk

The exposure to foreign currency risk was as follows based on notional amounts.

Group

As at 31st March	31 March 2026			
	LKR	USD	SGD	EURO
Trade receivable	24,921,463	759,697	84,737	275,906
Trade payable	13,884,073	82,257	-	92,031

As at 31st March	31 March 2025			
	LKR	USD	SGD	EURO
Trade receivable	16,819,156	633,683	87,810	533,476
Trade payable	17,818,759	99,191	-	79,913

Company

As at 31st March	31 March 2026			
	LKR	USD	SGD	EURO
Trade receivable	24,921,463	759,697	84,737	275,906
Trade payable	13,884,073	82,257	-	92,031

As at 31st March	31 March 2025			
	LKR	USD	SGD	EURO
Trade receivable	16,819,156	633,683	87,810	533,476
Trade payable	17,818,759	99,191	-	79,913

The following significant exchange rates were applied during the year.

As at 31st March	Average rate		Reporting date spot rate	
	2026	2025	2026	2025
USD	306	296	316	296
SGD	232	221	244	221
EURO	341	320	362	320

34. RISK MANAGEMENT (CONTD….)

Foreign currency sensitivity

The table below summarises the Group's total exposure and sensitivity to currency risk.

As at 31st March	2026		2025	
	Amount in foreign currency Rs.	LKR amount Rs.	Amount in foreign currency Rs.	LKR amount Rs.
Group				
USD assets	849,002	267,893,529	676,050	200,329,783
Euro assets	276,645	100,153,266	541,535	173,170,372
SGD assets	84,737	20,714,891	87,810	19,406,959
Total foreign currency denominated assets	1,210,385	388,761,686	1,305,395	392,907,114
Impact on PBT				
5% strengthening of Rupee	-	(19,438,084)	-	(19,645,356)
5% weakening of Rupee	-	19,438,084	-	19,645,356
Company				
USD assets	849,002	267,893,529	676,050	200,329,783
Euro assets	276,645	100,153,266	541,535	173,170,372
SGD assets	84,737	20,714,891	87,810	19,406,959
Total foreign currency denominated assets	1,210,385	388,761,686	1,305,395	392,907,114
Impact on PBT				
5% strengthening of Rupee	-	(19,438,084)	-	(19,645,356)
5% weakening of Rupee	-	19,438,084	-	19,645,356

34.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group is primarily exposed to interest rate risk through its borrowings and the investment of surplus funds in financial instruments. Borrowings at variable interest rates expose the Group to cash flow interest rate risk, while borrowings and investments at fixed rates expose it to fair value interest rate risk.

The principal risk to which non-trading portfolios are exposed to is the loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

At the end of the reporting period, the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Company was as follows;

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Variable rate instruments				
Financial liabilities	272,000,000	370,000,000	272,000,000	370,000,000
	272,000,000	370,000,000	272,000,000	370,000,000

A change of 100 basis points in interest rates at the end of the reporting period would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Increase/decrease in interest rate

As at 31st March	2026 Effect on profit before tax	
	Group Rs.	Company Rs.
100 bp increase	(2,720,000)	(2,720,000)
100 bp decrease	2,720,000	2,720,000

Increase/decrease in interest rate

As at 31st March	2025 Effect on profit before tax	
	Group Rs.	Company Rs.
100 bp increase	(3,700,000)	(3,700,000)
100 bp decrease	3,700,000	3,700,000

34.3.3 Equity price risk

Listed equity securities are subject to equity price risk due to uncertainties in their future market values. The Group manages this risk by diversifying its investment portfolio across various business segments.

The Group's equity risk management policies are as follows:

» Equity investment decisions are based on fundamentals rather than speculation.

» Decisions are informed by in-depth industry and macroeconomic analysis, alongside research reports on the Group's performance.

Group

The table below shows the diversification of equity investments.

As at 31st March	2026 Rs.	2025 Rs.
Trading Share		
Quoted equity securities	2,535,520	1,405,885

Sensitivity analysis

Investments in equity shares are subject to the performance of the investee and the factors that affect the status of the stock market.

The following table illustrates the sensitivity of the Group's equity to reasonably possible changes in the market prices of listed equity securities, assuming all other variables remain constant.

As at 31st March	Change in year share price of all Companies in which the Group has invested	Effect on profit before tax as a result of gain/losses on equity securities classified as at FVTPL Rs.
Investment in equity shares	+5%	126,776
	-5%	(126,776)

34. RISK MANAGEMENT (CONTD….)

34.4 Operational Risk

Operational risk refers to the risk of direct or indirect loss resulting from a wide range of causes related to the Group's processes, personnel, technology, and infrastructure. It also includes risks arising from external factors beyond credit, market, and liquidity risks, such as those linked to legal and regulatory requirements and accepted corporate behaviour standards. Operational risks exist across all of the Group's operations.

The Group's objective in managing operational risk is to strike a balance between avoiding financial losses and reputational damage, while maintaining cost efficiency and avoiding overly restrictive controls that could hinder initiative and creativity. Senior management within each business unit holds primary responsibility for developing and implementing controls to mitigate operational risks.

This responsibility is supported by the development of the Group's overall standards for managing operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- training and professional development
- ethical and business standards
- risk mitigation, including insurance when applicable

34.5 Capital management

The Board's policy is to maintain a strong capital base to uphold investor, creditor, and market confidence, as well as to support the Group's future business development. Capital comprises stated capital, reserves, and non-controlling interests of the Group. The Board of Directors monitors the return on capital, which the Group defines as the result from operating activities divided by total shareholders' equity. Additionally, the Board oversees the level of dividends paid to ordinary shareholders.

The Group's capital management objectives are to safeguard its ability to continue as a going concern, provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to minimise the cost of capital.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	Group		Company	
As at 31st March	**2026 Rs.**	**2025 Rs.**	**2026 Rs.**	**2025 Rs.**
For the year ended 31st March				
Total liabilities	1,305,409,746	1,201,940,855	1,305,366,746	1,201,900,855
Less: Cash and cash equivalents	(68,468,971)	(44,437,022)	(68,468,971)	(44,437,022)
Net debt	1,236,940,775	1,157,503,833	1,236,897,775	1,157,463,833
Total equity	(64,290,668)	(70,799,910)	(63,693,367)	(70,245,609)
Debt to adjusted capital ratio as at 31st March	-1924%	-1635%	-1942%	-1648%

35. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

35.1 The fair values of financial assets and liabilities together with carrying amounts shown in the Statement of Financial Position, are as follows.

Group

As at 31st March	Financial assets measured at fair value through profit or loss Rs.	Financial assets measured at amortised cost Rs.	Other financial liabilities at amortised cost Rs.	Total Rs.
2026				
Financial assets				
Financial investments	2,535,520	1,460,485	-	3,996,005
Trade receivables	-	366,696,519	-	366,696,519
Amounts due from related parties	-	2,294,924	-	2,294,924
Cash and cash equivalents	-	68,468,971	-	68,468,971
	2,535,520	438,920,899	-	441,456,419
Financial liabilities				
Borrowings	-	-	820,827,927	820,827,927
Trade payable	-	-	73,156,977	73,156,977
Amount due to related parties	-	-	143,364,721	143,364,721
Other payables	-	-	112,338,288	112,338,288
Bank overdraft	-	-	126,655,460	126,655,460
	-	-	1,276,343,373	1,276,343,373
Group				
2025				
Financial assets				
Financial investments	1,405,885	7,078,053	-	8,483,938
Trade receivable	-	353,307,908	-	353,307,908
Amounts due from related parties	-	2,174,770	-	2,174,770
Cash and cash equivalents	-	44,437,022	-	44,437,022
	1,405,885	406,997,753	-	408,403,638
Financial liabilities				
Borrowings	-	-	836,646,145	836,646,145
Trade payable	-	-	72,765,782	72,765,782
Amount due to related parties			40,788,415	40,788,415
Other payable	-	-	83,046,155	83,046,155
Bank overdraft	-	-	146,884,921	146,884,921
	-	-	1,180,131,418	1,180,131,418

35. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD....)

Company

As at 31st March	Financial assets measured at fair value through profit or loss Rs.	Financial assets measured at amortised cost Rs.	Other financial liabilities at amortised cost Rs.	Total Rs.
2026				
Financial assets				
Financial investments	2,535,520	1,460,485	-	3,996,005
Trade receivable	-	366,696,519	-	366,696,519
Amounts due from related parties	-	2,788,221	-	2,788,221
Cash and cash equivalents	-	68,468,971	-	68,468,971
	2,535,520	439,414,196	-	441,949,716
Financial liabilities				
Borrowings	-	-	820,827,927	820,827,927
Trade payable	-	-	73,156,977	73,156,977
Amount due to related parties	-	-	143,364,721	143,364,721
Other payables	-	-	112,295,288	112,295,288
Bank overdraft	-	-	126,655,460	126,655,460
	-	-	1,276,300,373	1,276,300,373
Company				
2025				
Financial assets				
Financial investments	1,405,885	7,078,053	-	8,483,938
Trade receivable	-	353,307,908	-	353,307,908
Amounts due from related parties	-	2,628,067	-	2,628,067
Cash and cash equivalents	-	44,437,022	-	44,437,022
	1,405,885	407,451,050	-	408,856,935
Financial liabilities				
Borrowings	-	-	836,646,145	836,646,145
Trade payables	-	-	72,765,782	72,765,782
Amount due to related parties			40,788,415	40,788,415
Other payables	-	-	83,006,155	83,006,155
Bank overdraft	-	-	146,884,921	146,884,921
	-	-	1,180,091,418	1,180,091,418

* The Group does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not being material for disclosure.

35.2 Fair value hierarchy for assets carried at fair value

The table below analyses the financial instruments and non-financial assets measured at fair value at the end of the reporting period, by the level of the fair value hierarchy..

As at 31st March	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Group					
2026					
Financial assets - Fair value through profit or loss	17.1	2,535,520	-	-	2,535,520
Plant & Machinery	12	-	-	9,117,506	9,117,506
2025					
Financial assets - Fair value through profit or loss	17.1	1,405,885	-	-	1,405,885
Freehold land	12	-	-	4,342,000	4,342,000
Plant & Machinery	12	-	-	13,044,342	13,044,342
Company					
2026					
Financial assets - Fair value through profit or loss	17.1	2,535,520	-	-	2,535,520
Plant & Machinery	12	-	-	9,117,506	9,117,506
2025					
Financial assets - Fair value through profit or loss	17.1	1,405,885	-	-	1,405,885
Freehold land	12	-	-	4,342,000	4,342,000
Plant & Machinery	12	-	-	13,044,342	13,044,342

36 RELATED PARTY DISCLOSURE

36.1 Parent and ultimate controlling party

George Steuart & Company Ltd is the parent entity of the Company.

36.2 Transactions with key management personnel

Key management personnel include all the members of the Board of Directors of the Company having the authority and responsibilities for planning, directing and controlling the activities of the Company.

36.2.1 Key management personnel compensation

For the year ended 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Short Term benefits Cash	23,637,414	20,580,419	23,637,414	20,580,419
Post Employment Benefits	2,493,000	2,160,000	2,493,000	2,160,000
Total	26,130,414	22,740,419	26,130,414	22,740,419

36. RELATED PARTY DISCLOSURE (CONTD....)

36.3 Transactions with group companies

36.3.1 Transactions with group companies

The Company did not enter into any non-recurrent transactions, and the totals of recurrent transactions that exceeded the threshold limits as set out in page 69.

36.3.2 Guarantees or corporate guarantees obtained from related parties

The Corporate Guarantees obtained by the Company from the Parent Company George Steuart and Company Ltd, is for the purpose of borrowing loans from the bank.

36.3.3 Recurrent related party transactions

For the year ended 31st March		Transaction amount 2026 Rs.	Transaction amount 2025 Rs.
a. **Company**	**George Steuart & Company Ltd**		
Directors	Mr. S. A. Amaresekere		
	Mrs. V.S.A. Fernando		
Relationship	Parent company		
Nature of transaction	Loan received	(114,625,000)	(41,750,000)
	Loan repayments	19,500,000	315,000,000
	Interest charged	(7,586,877)	(16,091,390)
	Interest paid	135,570	13,160,888
	Reimbursement of expenses	(52,439)	245,500
	Payment for reimbursement of expenses	74,939	7,000
	Service fee	-	(351,107)
	Payments for service fee	-	76,107
b. **Company**	**H V A Holdings (Pvt) Ltd**		
Directors	Mrs. V.S.A. Fernando		
	Mr. S. A. Ameresekere		
Relationship	Common directors /Subsidiary		
Nature of transaction	Receipts for expenses and other transactions	40,000	93,795
c. **Company**	**George Steuart Optimize (Pvt) Ltd**		
Relationship	Affiliate		
	IT services	(8,002,704)	(5,842,808)
	Payments for IT services	3,444,415	3,352,061
d. **Company**	**George Steuart Teas (Pvt) Ltd**		
Relationship	Affiliate		
	Sales of goods	141,600	1,054,790
	Payment received	(141,600)	(1,054,790)

For the year ended 31st March			Transaction amount 2026 Rs.	2025 Rs.
e.	**Company**	**George Steuart Consumer (Pvt) Ltd (Formerly known as a George Steuart Laboratories (Pvt) Ltd)**		
	Relationship	Affiliate		
		Sales of goods	60,796,521	31,445,761
		Receipts	(52,352,545)	(32,306,651)
		Purchase of goods	(201,350)	-
		Payments	190,415	-
f.	**Company**	**Citrus Silver Ltd**		
	Directors	Mrs. V.S.A. Fernando		
	Relationship	Affiliate		
		Reimbursements of tea café expenses	4,409,721	6,908,455
		Net receipts and re-imbursement of tea expenses and other transactions	(4,289,567)	(6,668,809)
		Sale of goods	134,447	1,200,461
		Receipts	(434,638)	(1,588,915)
		Goods purchased	(264,197)	(308,506)
		Payment for purchases	695,695	629,912
g.	**Company**	**George Steuart Travels (Pvt) Ltd**		
	Relationship	Affiliate		
		Purchase of goods	(6,974,876)	(3,412,007)
		Payments	7,139,576	5,040,154
h.	**Company**	**Waskaduwa Beach Resort PLC**		
	Directors	Mr. S. A. Amaresekere		
		Mrs. V.S.A. Fernando		
	Relationship	Common directors		
		Sale of goods	-	1,408,333
		Receipts	-	(1,929,073)

36. RELATED PARTY DISCLOSURE (CONTD....)

36.3 Transactions with group companies (CONTD....)

36.3.3 Recurrent related party transactions (CONTD....)

For the year ended 31 March			Transaction amount 2026 Rs.	Transaction amount 2025 Rs.
i.	**Company**	**George Steuart Health (Pvt) Ltd**		
	Relationship	Affiliate		
		Sales of goods	130,554	-
		Receipts	(68,250)	-
j.	**Company**	**George Steuart Solutions (Pvt) Ltd**		
	Relationship	Affiliate		
		Purchase of goods	(613,570)	-
		Payments	613,570	-

36.4 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms. The sales to, and purchases from related parties are made on terms equivalents to those that prevail in arm's length transactions.

37. COMMITMENTS AND CONTINGENCIES

As at the reporting date, there were no material commitments or contingencies that require adjustment or disclosure in the Financial Statements.

38. EVENTS AFTER THE REPORTING DATE

There have been no other events subsequent to the balance sheet date, which require disclosure in these financial statements.

39. GOING CONCERN

The Board of Directors of the Company/Group has determined that the use of the going concern assumption in the preparation of Financial Statements as at 31st March 2026 is appropriate based on the following factors.

39.1 Company

Even though the Company reported a net profit of Rs.7,143,022/- for the year ended 31st March 2026 (2025: net loss of Rs. 139,833,586/-). Even though as at that date, the Company's current liabilities exceeded its current assets by Rs.396,335,509/- (2025: Rs. 400,728,356/-). The Company's net assets were negative at Rs.63,693,367/- as at the reporting date (2025: negative net assets of Rs. 70,245,609/-). However, the net assets of the Company are less than half of its stated capital, resulting in a serious loss of capital in terms of Section 220 of the Companies Act No. 07 of 2007.

Despite the financial position outlined above, the Board of Directors has determined that it remains appropriate to prepare the Company's Financial Statements for the year ended 31 March 2026 on a going concern basis. In reaching this conclusion, the Board has carefully considered the Company's current circumstances, the actions undertaken by Management, and the following key factors:

a) Management has prepared detailed revenue & cash flow forecasts covering at least the next 12 months from the reporting date.

b) Assurance of continued financial and operational support from the parent company, George Steuart & Company Ltd.

c) Management successfully completed negotiations with financial institutions for the restructuring of existing debt obligations and the procurement of additional working capital facilities, as required. Furthermore, the Company obtained favourable revisions to the interest rates on its short-term loan facilities through successful negotiations with its banking partners, contributing to reduced finance costs and enhanced financial flexibility.

d) Management continues to pursue revenue growth by expanding the customer base, optimizing pricing strategies, and diversifying its product portfolio. Strategic initiatives aimed at improving market penetration and enhancing customer retention are being actively implemented. In addition, the Company has allocated substantial resources towards participation in international trade fairs and digital marketing activities to increase brand visibility, access new markets, and drive sustainable business growth and retention.

e) The herb business established in 2025 has grown steadily and expected to grow further in the coming year with the expansion of our customer base.

f) The Company is in the process of upgrading its existing Enterprise Resource Planning (ERP) system to increase the level of automation across critical business processes. The enhanced system is expected to improve operational efficiency, facilitate more effective utilisation of resources, and generate productivity gains that will support the optimisation of staff-related costs over the medium to long term.

g) According to the revaluation policy, the Company has planned to conduct a comprehensive fixed asset revaluation in future reporting periods to ensure asset values appropriately reflect current market conditions and strengthen the statement of financial position.

h) Management has implemented a comprehensive cost optimisation programme designed to reduce operating expenses while safeguarding the continuity and effectiveness of core business operations. Non-essential spending has been restricted, and overhead costs are being systematically reviewed to identify opportunities for further rationalisation. Concurrently, initiatives focused on enhancing operational efficiency and improving productivity are being pursued to strengthen the Company's cost structure and long-term financial resilience.

i) Based on the successful implementation and progress of the initiatives outlined above, Management believes that the Company will have adequate resources to continue its operations and meet its obligations as they fall due for the foreseeable future. Accordingly, the accompanying Financial Statements have been prepared on a going concern basis, and no adjustments have been made to the carrying amounts or classification of assets and liabilities that would otherwise be required if the Company were unable to continue as a going concern.

39.2 Group

The Group reported a net profit of Rs. 7,100,022/- for the year ended 31st March 2026, compared to a net loss of Rs. 139,930,381/- in 2025. As at that date, the Group's current liabilities exceeded its current assets by Rs. 396,871,806/- (2025: Rs. 401,221,653/-). The Group's net assets were negative, Rs. 64,290,668/- as of the reporting date, an improvement from the negative Rs. 70,799,910/- reported in 2025. However, the Group's net assets remain below half of its stated capital, thereby falling within the provisions of Section 220 of the Companies Act No. 07 of 2007.

HVA Foods PLC is a significant component in the Group. Hence, the Directors of the Group are confident that the financial position of the Group will improve in the future as a result of steps taken by the Company as outlined in Note 39.1 above.

40. ASSETS PLEDGED AS SECURITIES AND FACILITY DETAILS GROUP/COMPANY

40.1 ASSETS PLEDGED AS SECURITIES

There were no assets that had been pledged as security for liabilities as at the reporting date.

40.2 FACILITY DETAILS

a. The following assets of the Company have been pledged as securities for liabilities as at the reporting date.

Lender	Facility type	Security	Interest rate	Amount of facility Rs. /USD	Balance as at 31st March 2026 Rs.	Balance as at 31st March 2025 Rs.
National Development Bank PLC	Packing credit loans	a). Corporate guarantee from George Steuart & Company Ltd (parent company)	LKR - AWPLR (W)+1% p.a/ USD -6.1% p.a/EURO -5% p.a	USD 1,900,000 / LKR 578,000,000/-	226,440,399	244,421,383
	Bill Discounting		LKR - AWPLR (W)+1% p.a/ USD -6.1% p.a/EURO -5% p.a		42,163,162	68,227,333
	Short Term Loans		AWPLR (W) +1% p.a		66,310,000	49,926,499
	Bank Guarantee		Commission -1.5% p.a		26,000,000	26,000,000
	Long-term loan		11.25%	LKR 500,000,000	272,000,000	370,000,000
	Overdraft		AWPLR (W)+1% p.a	LKR 20,000,000	27,185,221	47,495,788
Hatton National Bank PLC	Packing credit loans	b). Corporate guarantee from George Steuart & Company Ltd (parent company)	USD: 03M SOFR+3.5% LKR: Market rates	USD 1,000,000 or equivalent LKR	25,177,188	-
	Short Term Loans		AWPLR +0.5% p.a. (weekly review)		185,726,150	100,000,000
	Overdraft		AWPLR +0.5% p.a. (weekly review)	100,000,000	99,470,239	99,288,351

b. The corporate guarantees has been provided by George Steuart & Company Ltd (the Parent Company) as disclosed in note 36.3.2.

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON FINANCIAL REPORTING

The following statement sets out he responsibility of the Directors in relation to the Financial Statements of the Company and its subsidiary prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 80 to 83 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiary as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule, printed copies of the Annual Report will be made available to the Shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its subsidiary have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the subsidiary.

Financial Statements prepared and presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its subsidiary maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following review and recommendation by the Audit Committee.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and its subsidiary have been certified by the Head of Finance of the Company, the officer responsible for their preparation as required by the Section 152(1)(b) which has been signed by two Directors of the Company as required by Section 152(1)(c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied and all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and its subsidiary as at the reporting date have been paid and where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board of
H V A Foods PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

24th August 2026

INVESTOR INFORMATION

SHARE DISTRIBUTION

Shareholding as at 31st March 2026

From	To	No of Holders	No of Shares	%
1	1,000	2,741	859,377	0.3514
1,001	10,000	1,197	4,733,832	1.9359
10,001	100,000	539	19,595,872	8.0138
100,001	1,000,000	140	38,869,065	15.8957
Over 1,000,000	-	19	180,468,042	73.8032
		4,636	244,526,188	100.0000

CATEGORIES OF SHAREHOLDERS

From	No of Holders	No of Shares	%
Local Individuals	4,477	79,072,404	32.3370
Local Institutions	142	165,128,618	67.5300
Foreign Individuals	16	99,555	0.0407
Foreign Institutions	1	225,611	0.0923
Total	4,636	244,526,188	100

DIRECTORS' SHAREHOLDING AS AT 31 ST MARCH 2026

From	No of Shares	%
Mrs. V S A Fernando	-	-
Mr. M P D Cooray	-	-
Mr. S A Amarasekere	-	-
Mr. S U Dassanayake	-	-
Mr. S P S Ranatunga	-	-
Mr. C G Stork	-	-

SHARE PRICES FOR THE YEAR

Market price per share	As at 31/03/2026	As at 31/03/2025
Highest during the year	7.90	4.50
Lowest during the year	3.40	2.70
Last Traded	7.00	3.50

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH 2026

	Name	No of Shares 31.03.2026	% of holding
1	GEORGE STEUART & CO LTD A/C NO 01	133,021,804	54.40
2	HVA LANKA EXPORTS (PRIVATE) LIMITED	11,625,015	4.75
3	MR. H.S. CHAMIKARA	9,013,445	3.69
4	MRS. P.A.K.D. JEEVANTHI	3,000,000	1.23
5	CITIZENS DEVELOPMENT BUSINESS FINANCE ACCOUNT NO. 02	2,869,658	1.17
6	MRS. M.J. NIHARA	2,547,511	1.04
7	MR. K.W. DASSANAYAKA	2,100,000	0.86
8	MR. K.L.D.N.N.M. LIYANAGE	1,932,000	0.79
9	DR. N.Y.P.H. NARANGODA	1,844,966	0.76
10	MR. A.R.H. FERNANDO	1,747,724	0.72
11	SENKADAGALA FINANCE PLC/G.A.M.P.CHANDANA	1,532,413	0.63
12	DFCC BANK PLC/G.A.C. DE SILVA	1,300,000	0.53
13	MR. G. WICKREMASINGHE	1,300,000	0.53
14	RANAVAV HOLDINGS (PVT) LTD	1,231,793	0.50
15	MR. B.S.M. SIFRAN	1,214,651	0.50
16	LOLC FINANCE PLC/P.N.G.D.SILVA	1,080,000	0.44
17	MR. K.B.R.R. KARIYAWASAM	1,054,469	0.43
18	DIALOG FINANCE PLC/S.D.DIVAKARAGE	1,050,193	0.43
19	SEYLAN BANK PLC/S.T.D.WIRASINGHE	1,002,400	0.41
20	MERCHANT BANK OF SRI LANKA & FINANCE PLC/N.P.H.R.P.PARANAHEWA	1,000,000	0.41
SUB TOTAL		181,468,042	74.22
OTHERS		63,058,146	25.79
TOTAL		244,526,188	100.00

PUBLIC HOLDING

Public Holding percentage as at 31st March 2026 = 40.1313%

No of public shareholders representing the above percentage = 4,632

The Float adjusted market capitalisation as at 31st March 2026 is Rs. 686,921,298.00

FIVE YEAR SUMMARY

For the year ended 31 March	2026	2025	2024	2023	2022
TRADING RESULTS (Rs.)					
Revenue	2,274,796,768	1,836,076,269	1,842,864,051	2,353,909,140	1,261,234,481
Cost of Sales	(1,944,650,756)	(1,663,012,247)	(1,593,102,962)	(2,102,798,498)	(1,215,324,928)
Other Operating Income	8,713,054	9,549,886	11,309,229	20,058,758	94,166,619
Profit before Finance charges	101,975,946	(18,917,016)	(87,472,664)	80,218,528	(192,296,415)
Finance Cost	(98,930,781)	(122,280,414)	(242,569,962)	(255,035,811)	(58,438,227)
Finance income	2,031,010	1,614,080	1,742,020	3,176,993	1,781,686
Profit before Income Tax	5,076,175	(139,583,350)	(328,300,605)	(171,640,290)	(248,952,956)
Income Tax on Profits	2,066,847	(250,236)	2,180,618	126,068,134	20,066,395
Profit/(Loss) after Income Tax	7,143,022	(139,833,586)	(326,119,987)	(45,572,156)	(228,886,561)
SHAREHOLDERS FUNDS (Rs.)					
Stated Capital	954,965,559	954,965,559	582,965,063	582,965,063	333,857,588
Reserves	(1,018,658,926)	(1,025,211,168)	(885,432,787)	(557,685,075)	(510,433,238)
NET ASSETS	(63,693,367)	(70,245,609)	(302,467,724)	25,279,988	(176,575,650)
ASSETS (Rs.)					
Property , Plant & Equipment	34,219,319	43,535,314	50,875,260	51,803,306	44,154,530
Goodwill	263,849,498	263,849,498	263,849,498	263,849,498	263,849,498
Intangible Assets	1,220,052	3,204,072	6,117,152	7,930,691	8,312,887
Investment in subsidiary	45,000,001	45,000,001	45,000,001	45,000,001	45,000,001
Deferred Tax Assets	199,700,439	196,468,326	197,243,520	194,360,608	71,390,000
Current Assets	697,684,070	579,598,035	792,875,007	883,105,252	788,132,100
LIABILITIES (Rs.)					
Non-current Liabilities	211,347,167	221,574,464	382,394,893	500,269,290	552,828,994
Current Liabilities	1,094,019,579	980,326,391	1,276,033,269	920,500,078	844,585,672
NET ASSETS (Rs.)	(63,693,367)	(70,245,609)	(302,467,724)	25,279,988	(176,575,650)
RATIOS & OTHER INFORMATION					
Current ratio	0.64	0.59	0.62	0.96	0.93
Quick Assets Ratio	0.51	0.46	0.31	0.46	0.74
Interest Cover (No. of times)	1.11	(0.18)	(0.41)	0.37	(2.15)
Debt Equity Ratio (%)	(20.49)	(17.11)	(5.48)	5,620.13	(791.40)
Return on Equity (%)	(11.21)	199.06	(107.82)	(180.27)	(129.63)
Return on Total Assets (%)	0.58	(12.36)	(24.05)	(3.15)	(18.75)
Net Asset Value per share	(0.26)	(0.29)	(2.60)	0.22	(2.66)
Earnings Per Share (Rs.)	0.03	(0.78)	(2.81)	(0.39)	(3.45)
Revenue Growth (%)	24	(0.37)	(22)	86.64	8.31
Dividend per share	Nil	Nil	Nil	Nil	Nil
Dividend pay out	Nil	Nil	Nil	Nil	Nil

NOTES

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of H V A Foods PLC will be held on 24th September 2026 at 9.30 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes:

1. Ordinary Business

   1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiary and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.

   1.2 To re-elect Mrs. Varuni Sonali Amunugama Fernando who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.

   1.3 To re-appoint the retiring Auditors Messrs BDO Partners, Chartered Accountants, as the Company's Auditors and to authorize the Directors to determine their remuneration.

   1.4 To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

2. Special Business

   2.1 That the public shareholders consider and if thought fit, pass the following resolution as an Ordinary Resolution of the public shareholders:

   "As required by Listing Rule 9.8.3 (ix), the Board of Directors, having resolved to confirm the recommendation made by the Nominations and Governance Committee, based on justification and rationale, that Mr. Mututantrige Parakrama Devaka Cooray be considered as "Independent" upon reaching the age of 70 years on 15th June 2027;

   We, being the public shareholders of the Company, HEREBY RESOLVE that Mr. Mututantrige Parakrama Devaka Cooray be and is hereby considered as "Independent" in continuing as a Director of the Company upon him reaching the age of 70 years on 15th June 2027."

   2.2 To consider and if thought fit, to pass the following resolution as a Special Resolution:

   'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

   (1) by the inclusion of following as the Article 121(iv) under the existing heading, 'Alternate Directors' at the end of Article 121 ;

   (iv) "The appointment of an Alternate Director shall be subject to the approval of the Board."

By order of the Board

H V A Foods PLC

P W Corporate Secretarial (Pvt) Ltd

Secretaries

24th August 2026

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No.118, Braybrooke Place, Colombo 02, Sri Lanka by 09.30 p.m. on 22nd September 2026.

FORM OF PROXY

I/We*…………………………………………………………………………...………………. (NIC/Passport/Co. Reg. No. ………….…………….)

of ………………………………...................…...............................……… being a shareholder/s of H V A FOODS PLC hereby appoint

.... (NIC/Passport No.……………………...….) of…………………………...………………………… or failing him/her*

Mr. S.P.S. Ranatunga	or failing him*
Mr. C.G. Stork	or failing him*
Mr. S.U. Dassanayake	or failing him*
Mr. S.A. Ameresekere	or failing him*
Ms. V.S.A. Fernando	or failing her*
Mr. M.P.D. Cooray	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Sixteenth (16th) Annual General Meeting of the Company to be held on 24th September 2026 at 09.30 a.m. at and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1 Ordinary Business		
1.1. To re-elect Mrs. Varuni Sonali Amumugama Fernando as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.	☐	☐
1.2. To re-appoint the retiring Auditors Messrs BDO Partners, Chartered Accountants, as the Company's Auditors and to authorize the Directors to determine their remuneration.	☐	☐
1.3. To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	☐	☐
2 Special Business		
2.1. To pass the ordinary resolution (by the Public Shareholders) as set out in item 2.1 of the Notice of Meeting on the continuation of Mr M P D Cooray as an Independent Non-Executive Director.	☐	☐
2.2. To pass the Special Resolution as set out in item 2.2 of the Notice of Meeting on amendment to the Articles of Association.	☐	☐

Signed this ….…………. day of …………………. Two Thousand and Twenty Six.

…………...…

Signature of Shareholder/s

*Please delete what is inapplicable.

Notes: 1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the Shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be deposited at the Registered Office of the Company, No.118, Braybrooke Place, Colombo 02, Sri Lanka by 09.30 p.m. on 22nd September 2026.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.

5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

6. In the case of joint holders the Form of Proxy must be signed by the first holder.

CORPORATE INFORMATION

NAME OF COMPANY
H V A Foods PLC

LEGAL FORM
Public Company with Limited Liability

Registered office of the company
No.118,Braybrooke place,
Colombo 02.

Company registration No
PB/PV/1756 PQ

Stock Exchange Listing
The Ordinary Shares are listed on
Colombo Stock Exchange

Directors
Mr.S.P.S.Ranatunga
Independent Non-Executive Director/
Chairman

Ms.V.S.A.Fernando
Non-Executive Director

Mr.S.U.Dassanayake
Executive Director / COO

Mr.M.P.D Cooray
Independent Non-Executive Director

Mr.S.A.Ameresekere
Non-Executive Director

Mr.C.G.Stork
Executive Director / CEO

Audit Committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

Mr.S.P.S.Ranatunga
Independent Non-Executive Director

Mrs.V.S.A.Fernando
Non-Executive Director

Remuneration committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

Mr.S.P.S.Ranatunga
Independent Non-Executive Director

Mrs.V.S.A.Fernando
Non-Executive Director

Related Party Transaction Review Committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

Mr.S.P.S.Ranatunga
Independent Non-Executive Director

Mr.S.A.Ameresekere
Non-Executive Director

Nominations and Governance Committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

Mr.S.P.S.Ranatunga
Independent Non-Executive Director

Mrs.V.S.A.Fernando
Non-Executive Director

Secretaries
P.W.Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road, Colombo 08.

Registrars
Central Depository Systems (Pvt)
Limited, Ground Floor, M&M Center,
341/5, Kotte Road, Rajagiriya.

Lawyers
Capital Law Chambers and Corporate
75/6, Ward Place, Colombo 07.

External Auditors
BDO Partners
Chartered Accountants
"Charter House"
65/2,Sir Chittampalam A Gardiner
Mawatha,Colombo 02.

Internal Auditors
KPMG Sri Lanka
32A, Sir Mohomad Macan Marker
Mawatha,Colombo 01.

Bankers
National Development Bank PLC
Hatton National Bank PLC
People's Bank
Bank of Ceylon
Commercial Bank

Investors relations
HVA Foods PLC
No.118, Braybrooke Place, Colombo 02.
Tel. 011 4427600

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HVA FOODS PLC

(ISO 22000:2018 CERTIFIED COMPANY)

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