



KEGALLE

PLANTATIONS PLC

ANNUAL REPORT 2023/24

VISION

To seek excellence in all our pursuits.

MISSION

To achieve excellence in the management of plantations by optimum utilization of resources.

To enhance the quality of life of our employees and the neighboring villagers.

To assure our shareholders optimum returns and to be an exemplary corporate citizen.

Objectives

We will endeavor to be the most technologically advanced producer of agricultural products and their value-added forms, by means of innovations and inventions through Research and Development.

We seek to be acknowledged in Sri Lanka and Overseas as a Producer and Supplier of quality agricultural products and their derivatives through superior customer services.

We will be a model employer in the plantation sector committed to achieve Leadership in every sphere of business activity.

We will provide our employee with the necessary training to enhance their skills and enable them to be a part of a highly motivated and dedicated workforce.

We seek to provide our shareholders with the maximum return on investment.

We intend to ensure continued liquidity and growth of the Company.

Company Profile

The Government of Sri Lanka, as part of its restructuring plan for the Plantation Industry, decided to privatize this sector and in June 1992, incorporated 22 regional Plantation Companies. The Government then assigned these Companies, Estates that had been previously vested with the Government and managed by JEDB/SLSPC on a 53 years lease. Separate Management Agents were also selected to manage each of these Companies.

Kegalle Plantations PLC (KPPLC) was one of such Companies and it was allotted 21 Estates which in total have a land base around 10,000 ha in Kegalle, Kurunegala and Badulla Districts. Of this land base, around 5,200 ha are Rubber, 1,400 ha under Tea and another 500 ha are Coconut. The Company produces around 04 Million kg of Rubber and 02 Million kg of Tea inclusive of bought crop. It has employee strength of 4,418.

RPK Management Services (Pvt) Limited (RPK) was the Management Agent appointed by the Government and that was a 50:50 joint venture Company between Richard Pieris & Company PLC and John Keels Holdings PLC. During the latter part of 1995 the ownership of the Company faced some changes when the Government sold 20% of shares it held to the public and the majority stake of 50% to RPK Management Services (Pvt) Limited. At the same time period, Government gifted 10% of shares to over 8,000 eligible employees. In May 1997, the Government exited from the ownership of Kegalle Plantations PLC by selling the rest 19% of shares through the Colombo Stock Exchange (CSE).

However, the Government holds through the Secretary to the Treasury one share which is called Golden Share and it gives the Government the title "Golden Share Holder" of the Company.

The Golden Shareholder has some special rights than what is enjoyed by a normal Shareholder and these rights are incorporated in the Articles of Association of the Company. The prospectus offered to the public also contained these clauses. Some of the important clauses are given in this Annual report under "Shareholder & Investor Information".

At the time RPK acquired 51% stake, it also invested Rs. 50 Millions in convertible debentures of KPPLC. In February 1998, these debentures were converted to 5 million Ordinary Shares of Rs 10 each, increasing the Share Capital of the Company to Rs 250 Millions. In March 2004, RPK Management Services (Pvt) Limited became a fully owned subsidiary of Richard Pieris & Company PLC when Richard Pieris & Company PLC purchased the 50% stake in RPK from John Keels Holdings PLC. Consequent to the change in ownership, RPK was named as RPC Management Services (Pvt) Limited. During 2008 the ownership of the Company transferred to RPC Plantation Management Services (Pvt) Limited from RPC Management Services (Pvt) Limited. Currently RPC Plantations Management Services (Pvt) Limited holds 79.68% stake in KPPLC.

Kegalle Plantations PLC is the largest Rubber producer among regional Plantation Companies accounting for 4 million kg of average production per annum.

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Vision, Mission, Objectives & Company Profile front inner cover..

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the digital version of this annual report
https://www.arpico.com/contents/kpl_financial_reports.php

ABOUT THE REPORT

Kegalle Plantations PLC (hereinafter referred to as “KPPLC” or the “Company”) prepares and publishes its 29th Annual report for the year ended 31 March 2024. The report has mainly been prepared with the aim of providing the relevant financial and non-financial information related to the ended year so as to facilitate the understanding and decision making of stakeholders of the Company. Due to the inherent nature of the plantation industry, the Company has to experience a wide range of economic, environmental, social and other challenges and the operations of the Company were carried out in spite of these challenges. Accordingly, this report is intended to reflect how the Company managed its operations in spite of these challenges and what the Company achieved during the year and what consequences emerged on the society due to the operations of the Company.

The financial statements contained in the report have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS) to comply with the Companies Act No.07 of 2007, the continuing listing requirements of Colombo Stock Exchange and other applicable regulatory requirements. The fairness of the financial statements of the Company for the year ended 31 March 2024 has been assured through external independent assurance of the auditor, Messrs. Ernst & Young, Chartered Accountants.

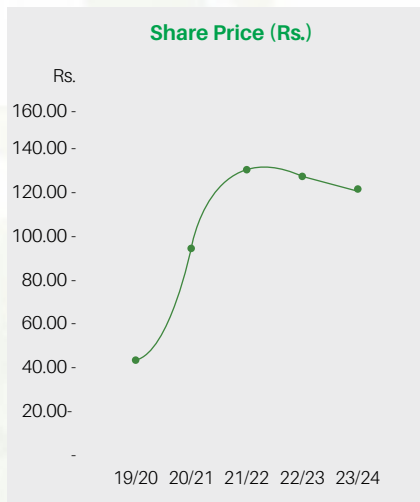
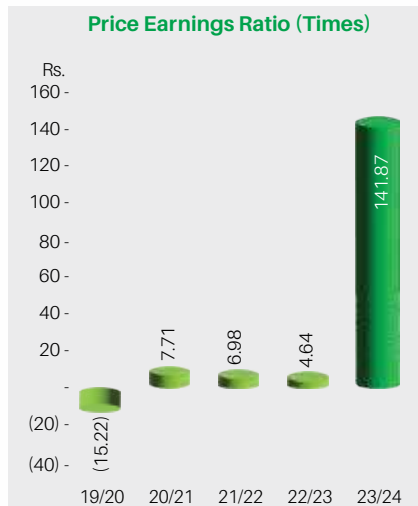
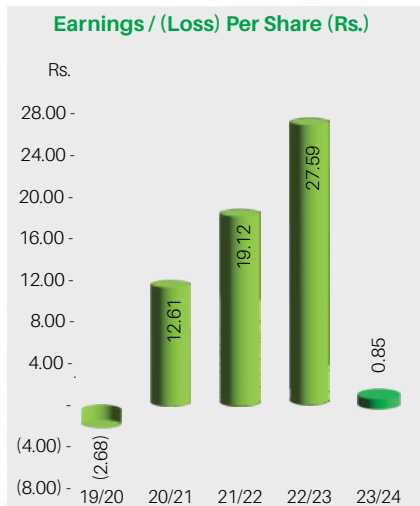
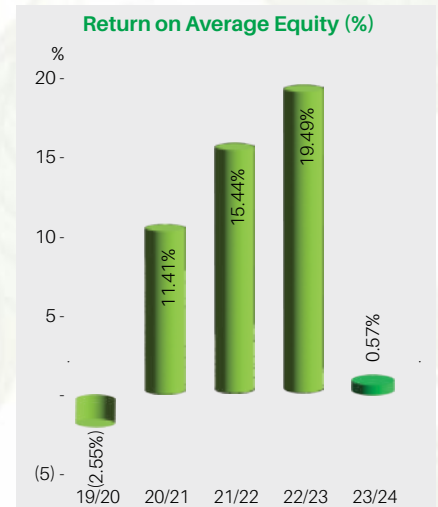
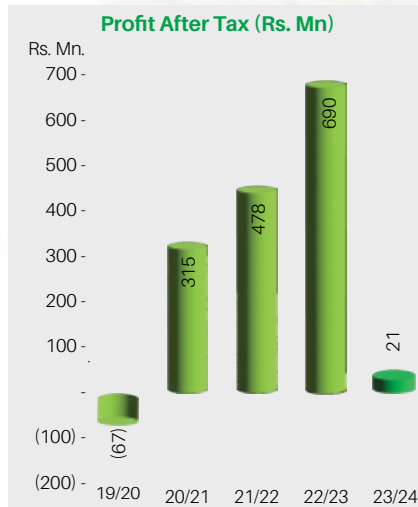
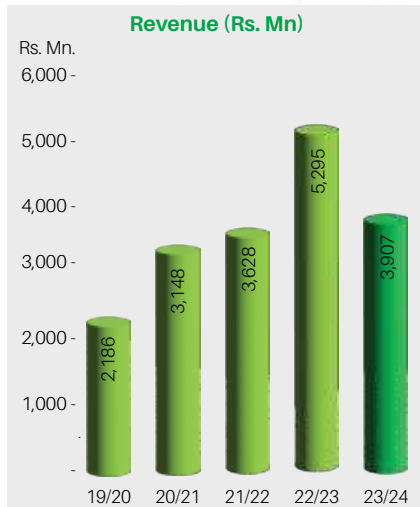
We hope that you will find this report as a basis for the informed decision making and other useful purposes. Please direct all your compliments or criticisms on our annual report.

Kegalle Plantations PLC
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Nawinna, Maharagama,
Sri Lanka.
kpl.rpk@arpico.com
Tel: (94) 11 4310500





FINANCIAL & NON-FINANCIAL HIGHLIGHTS







Rs. 3.91 Bn
Revenue



Rs. 21 Mn
Profit After Tax

Rs. 145.90
Net Assets Per Share



FINANCIAL & NON-FINANCIAL HIGHLIGHTS

 No of Estates 17	RUBBER Kegalle - 09 Kurunegala - 02 11	TEA Uva High - 04 Western Medium - 01 Low Grown - 01 06	COCONUT Rubber cum Coconut - 07 Rubber, Tea Cum Coconut - 01
 Land Extent 9,757 Ha	6,979 Ha 72%	2,278 Ha 23%	500 Ha 05%
 Productivity Land (Yield) Labour (Intake)	750 kg/ha 6.86 Kg Intake	665 kg/ha 23.92 Kg Intake	2,348 nuts/ha
 Production Volume	3,295 Kg '000	1,398 Kg '000	993 Nuts '000

 Exports - Rubber Direct - 124 Kg '000 Indirect - 1,882 Kg '000	 Dividend per Share Rs. 3.50 Market Price per Share Rs. 120.50
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Total Assets	Capital Employed	Turnover	Market Capitalization
2023/24 Rs. 7.8 Bn	Rs. 4.9 Bn	Rs. 3.9 Bn	Rs. 3.0 Bn
2022/23 Rs. 7.2 Bn	Rs. 4.8 Bn	Rs. 5.3 Bn	Rs. 3.2 Bn

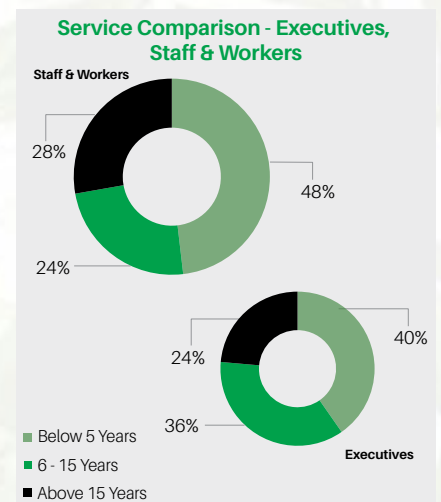
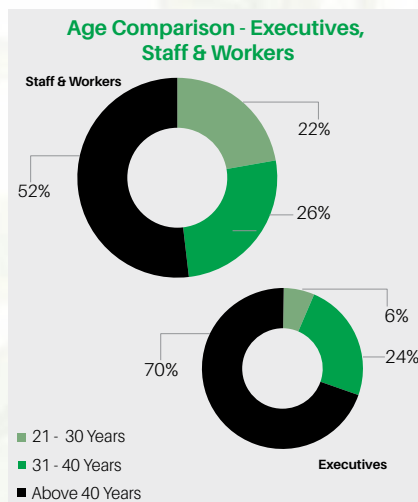
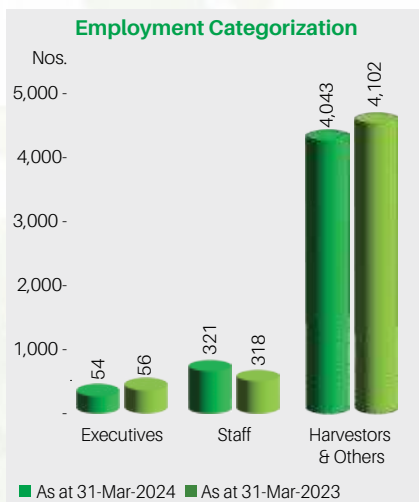


Performance - Year ended 31st March	2023/24	2022/23	Variance
	Rs.'000	Rs.'000	%
Turnover	3,907,108	5,294,938	-26%
Profit before Interest and Tax	367,107	1,246,677	-71%
Profit after Tax	21,234	689,858	-97%
Gross Dividends	87,500	175,000	-50%
Capital Expenditure	630,526	565,001	12%

Financial Position - As at 31st March	2023/24	2022/23	Variance
	Rs.'000	Rs.'000	%
Fixed Assets	6,124,120	5,449,874	12%
Current Assets	1,722,422	1,726,155	0%
Total Assets	7,846,541	7,176,029	9%
Current Liabilities	1,798,993	1,096,265	64%
Shareholders' Funds	3,647,532	3,788,453	-4%
Stated Capital	250,000	250,000	-
Capital Employed	4,876,449	4,771,472	2%

Key Indicators		2023/24	2022/23	Variance
				%
Earnings per share	Rs.	0.85	27.59	-97%
Net Assets per share	Rs.	145.90	151.54	-4%
Dividend per share	Rs.	3.50	7.00	-50%
Market price per share	Rs.	120.50	128.00	-6%
Return on capital employed	%	7.53%	26.13%	-71%
Market Capitalization	Rs.'000	3,012,500	3,200,000	-6%
Return on average equity	%	0.57%	19.49%	-97%

Employment Strength





CHAIRMAN'S MESSAGE



Dr. Sena Yaddhige
Chairman

Dear Shareholders,

The financial year 2023/24 was a year of unprecedented challenges and significant transitions for our Company. Operating in a complex and volatile environment marked by economic uncertainty, fluctuating global commodity prices, and adverse weather conditions, we were tested on multiple fronts. Despite these obstacles, we remained steadfast in our commitment to sustainable growth and shareholder value. The 2023/24 financial year was marked by both opportunities and challenges for the Company, and this year's performance reflects not only the resilience of our operations but also the strategic efforts we have undertaken to navigate these difficulties and position the Company for future success.

Global Economy

Global growth is projected to stabilize at 2.6% in 2024, maintaining steady levels for the first time in three years despite ongoing geopolitical tensions and elevated interest rates.

Looking ahead, growth is expected to increase slightly to 2.7% in 2025/26, supported by modest improvements in trade and investment.

Sri Lankan Economy

In 2023, the Sri Lankan economy demonstrated signs of recovery, contracting by a moderate 2.3% compared to the substantial 7.3% contraction observed in 2022.

Accordingly, Sri Lanka's economy embarked on a recovery path following its most severe economic crisis the previous year. This recovery was supported by rapid disinflation, enhanced external resilience, stronger fiscal balances, and the maintenance of financial system stability.

Despite occasional volatility, the Sri Lankan rupee appreciated overall, reflecting positive market behavior under a market-based exchange rate policy. The financial sector also demonstrated resilience, benefiting from proactive and prudent policies and a heightened state of crisis preparedness.

Company Performance

In the 2023/24 financial year, the Company reported a revenue of Rs. 3.91 billion, representing a 26% decline from the previous year's Rs. 5.29 billion, primarily due to decreased revenue from the Tea and Rubber segments.

Profit after tax fell dramatically by 97%, totaling Rs. 21 million compared to Rs. 690 million the prior year. Total assets for the year were Rs. 7.85 billion, with shareholders' equity at Rs. 3.65 billion.

The Company invested Rs. 631 million in capital expenditure, with Rs. 523 million allocated to field development, including Rs. 408 million for rubber, Rs. 39 million for coconut, and Rs. 75 million for oil palm and other plantations including coffee.

Despite facing significant economic, social, and political pressures, the Company distributed a per share dividend of Rs. 3.50, underscoring its commitment to delivering shareholder value.

Segmental Performance

Rubber Segment:

In the 2023/24 financial year, the rubber segment of the Company faced significant challenges, including a drop in market prices and reduced crop yields due to adverse weather conditions.

Revenue from the rubber segment declined by 30% to Rs. 2.3 billion, down from Rs. 3.4 billion the previous year.

Total production decreased by 23%, and the Net Sales Average (NSA) weakened by 17%, falling to Rs. 661.65 from Rs. 799.50. The profit margin decreased by 42%, from Rs. 173.47 to Rs. 100.48, reflecting the segment's diminished financial performance.

Tea Segment:

In the 2023/24 financial year, the Company's tea production declined by 5% to 1.40 million kilograms, down from 1.46 million kilograms in 2022/23.

The Net Sales Average (NSA) for the tea segment fell by 16% to Rs. 991.69, while the Cost of Production (COP) increased by 4% to Rs. 941.43.

As a result, per kilogram profit plummeted by 82% to Rs. 50.27 from Rs. 273.89 the previous year. This decline in NSA, coupled with rising COP, led to a substantial drop in gross profit from Rs. 363 million to Rs. 29 million.

Sustainability

During the year under review, the Company made investments in coffee cultivation. This strategic move is anticipated to establish coffee as a key operating segment for the Company in the future.

By focusing on sustainability and value addition strategies, we are confident in our ability to achieve significant growth and contribute positively to the environment and society in the coming financial year.

Our dedication to continuous improvement will ensure that we remain at the forefront of

the plantation industry, delivering superior value to our stakeholders.

Future Outlook

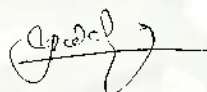
In 2023, the global economy demonstrated resilience and is projected to recover from previous economic challenges, including sluggish growth and geopolitical uncertainties.

While a potential widening of the trade deficit is expected due to increased imports and economic activity, the external sector should benefit from a revitalized tourism industry, robust foreign remittances, and non-debt creating inflows, which will strengthen external buffers.

However, risks remain elevated due to domestic and global uncertainties, adverse weather, and geopolitical tensions. The economy is anticipated to grow by 3% in 2024, supported by the positive effects of eased monetary policies and a low inflation environment.

Appreciation

I would like to extend my sincere appreciation to all our stakeholders for their pivotal role in our success. To our employees, your unwavering dedication and outstanding performance are the cornerstones of our progress. We value the trust and feedback of our customers, which drive our continuous improvement. Our gratitude extends to our business partners for their collaborative efforts and to our shareholders for their confidence and investment. The support from local communities, government and regulatory bodies, suppliers, vendors, financial institutions, and service providers has been essential in achieving our objectives. Thank you for your invaluable contributions and continued support as we aim for greater accomplishments in the future.



Dr. Sena Yaddehige
Chairman

28 August 2024
Colombo



BOARD OF DIRECTORS



Dr. Sena Yaddehige
Chairman

The business legacy of Dr. Sena Yaddehige spans not only time, but also the depth of multiple industries and sectors. Renowned as a pioneer in the field of engineering and as a revered global business icon, Dr. Yaddehige is also a Swiss-based industrialist, with numerous ventures in multiple countries.

Under the leadership of Dr. Yaddehige, Richard Pieris Group has evolved into, one of the leading diversified business conglomerates in Sri Lanka with the footprint extending from manufacturing, to exports, to retail, to plantations, to financial services, creating value across the national economy in multiple sectors. Dr. Yaddehige also served as a Director on the Board of the National Development Bank PLC (NDB) from 2007 to 2010.

As a businessman and industrialist with wide global recognition, his companies are established in the USA, UK, Germany, and Singapore. In addition, Dr. Yaddehige is also the founding Managing Director of a European manufacturing firm, which develops and exports automotive components and systems, which are based on his innovations and conceptions.

His repertoire of innovations and developments includes contactless sensor technology and drive-by-wire systems. Furthermore, as a radiation specialist, Dr. Yaddehige is also the creator of several other technologies and components in radiation processing, for which he owns several patents from around the world. Locally, he holds the patent for slow release fertiliser, which provides relatively better results than quick release fertilisers while being a safer alternative for the environment. Dr. Yaddehige also pioneered the development unit for Lithium batteries in Sri Lanka.

Apart from his professional and scientific accolades, he was awarded three Doctorates, one of which is a Doctor of Science (D.Sc.), awarded as high commendation for his original findings and research in Radiation, Radiation processing, Electromechanical sensor technology, Non-contact sensor technology, and Automotive pedal systems, and as recognition of his patents in these respective arenas.



Prof. R C W M R A Nugawela
Director

Prof. Nugawela joined the Rubber Research Institute in the capacity of an Assistant Botanist in 1980. He was awarded a Colombo Plan Scholarship in 1981 to read for his Master's Degree and in 1982 he successfully completed it in the field of Applied Plant Sciences at the University of London. In 1985 he was offered a scholarship by the Food and Agricultural Organization of the United Nations to obtain his professional qualifications. For his research work on Plant Physiology and Bio Productivity in *Hevea brasiliensis* (the natural rubber plant) he was awarded a PhD from the University of Essex, UK in 1989.

He has over 30 years of extensive experience in the capacities of a Botanist, Head of Plant Science Department, Deputy Director Research (Biology) and as the Director at the Rubber Research Institute of Sri Lanka. In January 2011, Prof. Nugawela resigned from the post of Director of the Rubber Research Institute of Sri Lanka to assume duties as Chair Professor, Department of Plantation Management, Wayamba University of Sri Lanka. He served at the Wayamba University of Sri Lanka until his retirement in 2019.

His thrust areas of research and development were on nursery and planting practices, harvesting, use of yield stimulants and rain guards. He has more than 175 publications in both local and foreign research journals and has addressed many local and international conferences on natural rubber.

He has won a National Science and Technology Award in 2009 for his Research and Development work. Further in 2012, he won a Presidential Award for inventions in the category of environment and in 2016 a Presidential Award for inventions in the category of applied sciences and technology. He has also been awarded with Presidential Awards for his research publications in reputed international journals.

Prof. Nugawela was appointed to the Board of Kegalle Plantations PLC with effect from 26 May 2008.



Dr. S S B D G Jayawardena

Director

Dr. S S B D G Jayawardena obtained his B.Sc. Degree on Agriculture with Honours from University of Ceylon. His M.Sc. is on Agronomy was obtained in Kyoto, and his Ph.D. on Agronomy & Physiology from University of Kyoto.

Dr. Jayawardena has served the Department of Agriculture over 03 decades and retired as the Director General of the Department of Agriculture. After retirement he has served the plantation sector as Director of Tea Research Institute, Chairman of Tea Research Board, Chairman of Coconut Research Board and advisor to the Minister of Plantation Industries. He has represented the Tea Research Institute at the Governing Boards of Tea Board and Tea Small Holder Authority. He has also served as a member of many task forces appointed by the government of Sri Lanka and served as member of the National Salaries & Cadre Commission from 2006 to 2019 April.

In addition to the above, Dr. Jayawardena was the FAO Consultant to the Consultative Group in International Agriculture Research and has served as a FAO Consultant in Bio-diversity and JICA Consultant to the Government of Ghana on Horticulture Sector Development. Dr. Jayawardena served as the Chairman of the Council for Agricultural Research Policy from 2015 to 2019 April.

He has over 50 years professional experience covering agricultural research and development activities, human resource development, development of foreign funded projects, direct involvement in food security and poverty, alleviation programs of the Country. He has represented the Ministry of Agriculture at the Annual Meetings of FAO on Food Security and the Global Economic Forum on Agriculture.

In 2010, Dr. Jayawardena was appointed as a Director to the Board of Directors of Kegalle Plantations PLC.



Mr. Shaminda Yaddehige

Director

Mr. Shaminda Yaddehige is a Non-Executive Director of the Company.

Mr. Yaddehige was educated at Charter House, United Kingdom and graduated in Chemical Engineering from University College London. In addition, he also possesses a Masters Degree in Business Administration from IE Business School which is ranked amongst the top 10 business schools in the World.

Mr. Yaddehige worked as a Management Consultant at Price Waterhouse Coopers, United Kingdom and also at world renowned international ultra high net worth banking giant, Credit Suisse of Switzerland. He has an extensive experience in international marketing and has built a very strong marketing network in Europe.

Mr. Yaddehige is in the Directorate of Richard Pieris & Company PLC as an Executive Director/Chief Operating Officer of the Company and also in the Directorates of Richard Pieris Exports PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.



CORPORATE MANAGEMENT

BOARD OF DIRECTORS

Dr. Sena Yaddehige
Chairman

Prof. R C W M R A Nugawela
Director

Dr. S S B D G Jayawardena
Director

Mr. Shaminda Yaddehige
Director

Mr. J L A Fernando,
Director (Ceased to be a Director w.e.f. 05 July 2024)

CORPORATE MANAGEMENT

Prins Gunasekara
Chief Executive Officer (Acting)

I S Doranegama
Director Operations

W M R R K Wijekoon
General Manager



Profile - Chief Executive Officer (Acting)

Mr. Prins Gunasekara is a professional member of the FIPM holding a MBA and a Diploma in Plantations Management and currently serves as a member of the Tea and Rubber Consultative Committee, also serving as a Director in the Rubber Research Board.

Mr. Gunasekara has joined Sri Lanka State Plantations Corporation (SLPC) in 1990, starting his career as a Planter Trainee at the Hapugastenna Estate. Subsequently, he was appointed as the Assistant Superintendent to Walpita Estate of Namunukula Plantations PLC (NPL) in Galle District.

During the period he was attached to Hulandawa Estate, he was promoted as the Superintendent of the Belmont Tea Factory thus extending his services to the Company. He was elevated to the post of Deputy General Manager in 2004 with the responsibility of managing 12 Estates in Kalutara, Galle and Matara Districts.

Mr. Gunasekara was promoted as the General Manager of NPL when RPC Plantation Management Services (Pvt) Ltd became the sole Managing Agent of NPL. Subsequently he was promoted as the Director Operations and currently holding the Position of CEO of Namunukula Plantations PLC & acting CEO of Kegalle Plantations PLC. He was nominated to the Directorate of AEN Palm Oil Processing (Pvt) Ltd (AEN) thus representing NPL in the Directorate of AEN, since 01st July 2020.

He acquired a vast knowledge and experience in the industry starting from the Estate level and developing skills up to the Plantation Management. Mr. Gunasekara played a major role in Spices & Allied Products Producers' & Traders' Association of Sri Lanka (SAPPTA) as a committee member and was honored with the Chairmanship of SAPPTA in the year 2018/19 in recognition of his enormous contribution made to uplift the spice industries.

Mr. Gunasekara counts over 34 years of experience in related to plantation industry in Sri Lanka.

Mr. Prins Gunasekara has been appointed as acting Chief Executive Officer of the Company with effect from 15th February 2021.

HEAD OFFICE MANAGEMENT

T I Kodithuwakku
Senior Accountant

L P Tennakoon
Manager - Plantations

R M S S Herath
Manager - Information Systems

M P Bandara
Manager - Forestry

S P Wijedasa
Engineer - Plantation Sector

Janaka Gallapaththi
Manager Coffee Planting

J A S Fernando
Manager

L G Madhusankha
Assistant Accountant

W A C S Pushpakumara
Assistant Accountant

N H S K Munasinghe (Mrs.)
Accounts Executive

Buddhima Wanaguru (Miss.)
Accounts Executive

R L Sunethra (Miss.)
Executive

Roy Elan
Executive

R M S S B Ratnayake
Executive



ESTATE MANAGEMENT

Ambadeniya Estate

Aranayake
H S B Aluvihare
Superintendent
S A S Gunasekera
Assistant Superintendent

Eadella Estate

Polgahawela
B P S M Cooray
Superintendent
D A H A Gunarathna
S K S Vitharana
Assistant Superintendents

Hathbawe Estate

Rambukkana
M R Vaidyakularatne
Superintendent

Luckyland Estate

Udapussellawa
S R Aluwihare
Deputy General Manager - Tea
D L Sri Lal Nanayakkara
S M A V Dilshan Subasinghe
Assistant Superintendents

Parambe Estate

Undugoda
N A M O M Navaratne
Superintendent
Shanuka Muhandiram
W M R L Nawarathna
Assistant Superintendents

Yataderiya Estate

Undugoda
Vinoda de Silva
Superintendent
D W K K Seneviratne
Assistant Superintendent

Atale Estate

Atale
M W Liyanasekera
Superintendent
N R B Senaratne
K V D S M Wijegunaratne
Assistant Superintendents

Etana Estate

Warakapola
J R Amunupura
Superintendent
W C N De Silva
Assistant Superintendent

Higgoda Estate

Undugoda
D S R Jayasinghe
Superintendent

Madeniya Estate

Warakapola
A A M D V Mediwake
Superintendent

Udapola Estate

Polgahawela
A C S Munaweera
Superintendent
S D Peiris
Assistant Superintendent

Centrifuged Latex Project, Udapola Estate

Polgahawela
A C S Munaweera - Superintendent
P M Mudannayaka - Assistant Superintendent
I M P D Illankoon - Technical Assistant

Allagolla Estate

Udapussellawa
H M I T Gunarathne
Superintendent

Doteloya Estate

Dolosbage
D V M de Runn
Superintendent
J M A B Jayasundara
Assistant Superintendent

Gampaha Estate

Udapussellawa
B P D Mahesh
Superintendent
O K Y Abeywardhana
Assistant Superintendent

Kirklees Estate

Udapussellawa
R A S B Ranawaka
Superintendent
H A Liyanage
Assistant Superintendent

Pallegama Estate

Niyadurupola
S A A P Jayatilake
Superintendent
Y L R S Leelawansa
H V E Nuwan Madusanka
Assistant Superintendents

Weniwella Estate

Alawwa
S D Munasinghe
Superintendent
A M H B Athauda
Assistant Superintendent



OUR PLANTATIONS

	Estate Name	Planting District	Location	Cultivated Area (Hectares)					Total Area (Hectares)	Elevation (Metres)	Production - kg/nut '000			No of Buildings		
				Rubber	Tea	Coconut	Others	Total			Rubber	Tea	Coconut	Factory	Other Buildings	Total
1	Allagolla	Badulla	Udapussellawa	-	176.82	-	34.71	211.53	243.75	1311	-	123	-	1	370	371
2	Ambadeniya	Kegalle	Aranayake	405.43	-	27.79	6.47	439.69	583.25	244-355	162	-	30	-	390	390
3	Atale	Kegalle	Atale	839.48	-	28.66	17.56	885.70	1,150.36	119-154	284	-	83	1	401	402
4	Doteloya	Kegalle	Dolosbage	-	178.28	-	280.47	458.75	572.64	825-955	-	228	-	1	245	246
5	Eadella	Kurunegala	Polgahawela	322.39	-	312.92	21.21	656.52	801.79	91-122	115	-	677	-	178	178
6	Etana	Kegalle	Warakapola	359.83	-	1.82	48.73	410.38	483.26	76-244	235	-	8	1	180	181
7	Gampaha	Badulla	Udapussellawa	-	215.52	-	60.13	275.65	348.99	1538	-	181	-	1	468	469
8	Hathbawe	Kegalle	Rambukkana	227.16	-	-	23.40	250.56	477.79	122-244	129	-	-	-	167	167
9	Higgoda	Kegalle	Undugoda	219.41	-	-	-	219.41	302.23	146-411	108	-	-	-	58	58
10	Kirklees	Badulla	Udapussellawa	-	247.30	-	101.96	349.26	480.70	1446	-	172	-	1	561	562
11	Luckyland	Badulla	Udapussellawa	-	371.97	-	58.18	430.15	488.75	1500	-	243	-	1	613	614
12	Madeniya	Kegalle	Warakapola	397.05	-	-	30.96	428.01	551.92	80-229	136	-	-	-	220	220
13	Pallegama	Kegalle	Niyadurupola	537.22	-	6.43	28.79	572.44	863.91	90-200	190	-	4	1	293	294
14	Parambe	Kegalle	Undugoda	533.58	22.50	14.50	24.25	594.83	795.41	122-274	281	20	-	1	393	394
15	Udapola	Kurunegala	Polgahawela	299.87	-	36.36	20.82	357.05	577.78	107-195	137	-	95	-	234	234
16	Weniwella	Kegalle	Alawwa	462.10	-	43.53	18.38	524.01	709.90	152-183	141	-	30	-	324	324
17	Yataderiya	Kegalle	Undugoda	129.70	115.66	25.90	2.35	273.61	324.30	244-290	86	430	67	1	338	339
18	Udapola CLP	Kurunegala	Polgahawela	-	-	-	-	-	-	-	1,289	-	-	2	24	26
				4,733.22	1,328.05	497.91	778.37	7,337.55	9,756.73		3,295	1,398	993	12	5,457	5,469

	Estate Name	Factory Details			Certifications*					Workforce			
		Crop Manufactured	Factory Type	Rated Kg '000/p.a.	1	2	3	4	5	No. of Executives	No. of Staff	No. of Harvestors & Others	Total
1	Allagolla	-	-	-	-	-	-	√	-	1	15	149	165
2	Ambadeniya	-	-	-	-	√	-	-	-	2	17	250	269
3	Atale	Rubber	Sole Crepe	950	√	-	-	-	√	3	27	398	428
4	Doteloya	Tea	Leafy/Orthodox	1,394	-	-	√	√	-	2	17	193	212
5	Eadella	-	-	-	-	√	-	-	-	3	14	231	248
6	Etana	Rubber	Scrap	228	-	√	-	-	-	2	12	222	236
7	Gampaha	Tea	Leafy/Orthodox	929	-	-	√	√	-	2	18	217	237
8	Hathbawa	-	-	-	-	-	-	-	-	1	13	156	170
9	Higgoda	-	-	-	-	-	-	-	-	1	7	142	150
10	Kirklees	Tea	Rotorvane	1,239	-	-	√	√	-	2	22	236	260
11	Luckyland	Tea	Rotorvane	1,355	-	-	√	√	-	3	30	265	298
12	Madeniya	-	-	-	-	√	-	-	-	1	10	192	203
13	Pallegama	Rubber	Sole Crepe	800	√	-	-	-	√	3	24	293	320
14	Parambe	Rubber	Crepe	636	√	-	-	-	-	3	23	381	407
15	Udapola	-	-	-	-	√	-	-	-	2	14	154	170
16	Weniwella	-	-	-	-	√	-	-	-	2	14	222	238
17	Yataderiya	Tea	Leafy/Orthodox	1,239	-	-	√	√	-	2	23	285	310
18	Udapola CLP	Rubber	Centrifuged Latex /Skim	5,000	√	√	-	-	-	2	11	57	70
										37	311	4,043	4,391

Note: Other buildings includes bungalows, offices, silent factories, staff & worker quarters, dispensaries, maternity wards...etc, total usage of Company buildings is 3,507,810 sq.ft.

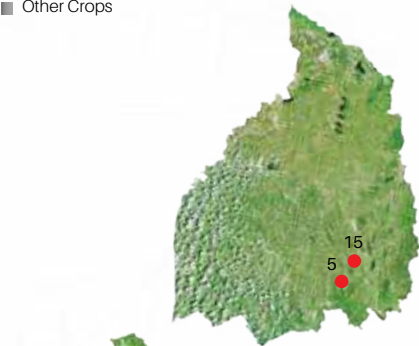
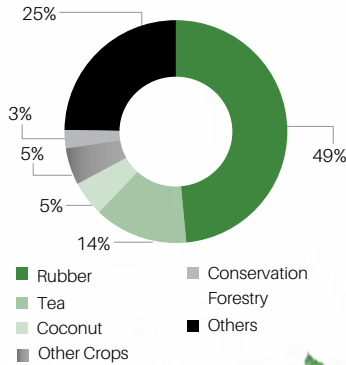
* Certifications

1. ISO 9001 : 2015 System Certification - Rubber
2. EU & USDA-NOP Certification - Organic Rubber
3. ISO 22000 : 2018 System Certification - Tea
4. Rainforest Alliance Certification - Tea
5. Forest Stewardship Council Certification - Rubber



OUR ESTATES - LOCATIONS

Land Base / Utilisation 2023/24



KURUNEGALA DISTRICT

1,379.57
Ha



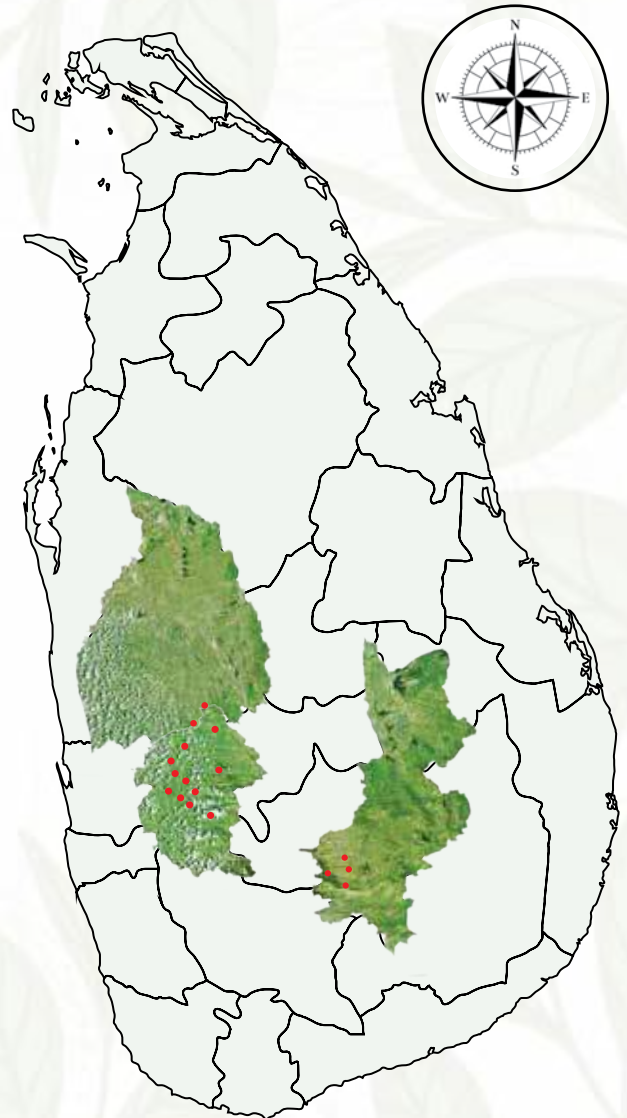
KEGALLE DISTRICT

6,814.97
Ha



BADULLA DISTRICT

1,562.19
Ha



Land Base	2023/24		2022/23	
	Extent	%	Extent	%
Rubber	4,733	49%	4,561	47%
Tea	1,328	14%	1,324	14%
Coconut	498	5%	500	5%
Other Crops	522	5%	584	6%
Conservation Forestry	256	3%	321	3%
Others	2,419	25%	2,467	25%
Total	9,757	100%	9,757	100%



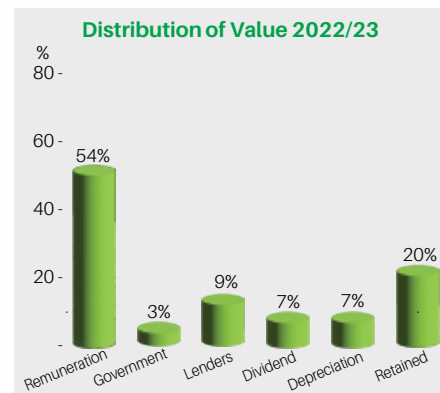
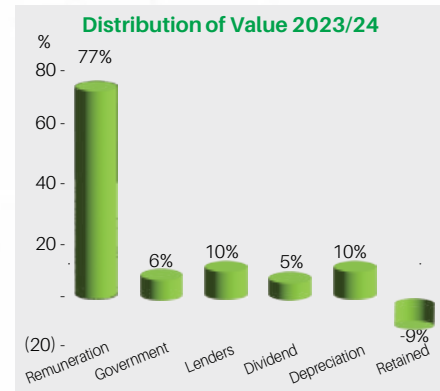
STATEMENT OF VALUE ADDED

Rupees in millions

Value Added	2023/24	2022/23
Turnover	3,907	5,295
Other income	134	364
	4,041	5,659
Cost of material & services	(2,219)	(3,229)
Value added	1,822	2,430

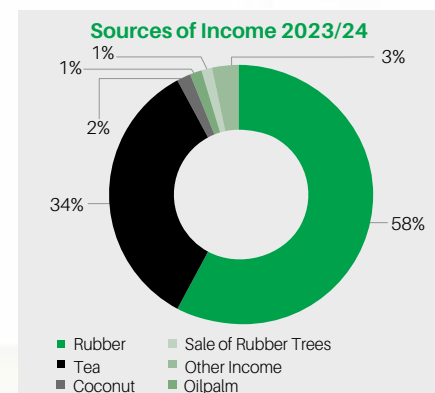
Distribution of Value Added	2023/24	%	2022/23	%
To employees as remuneration	1,403	77%	1,306	54%
To government as taxes and lease rent	113	6%	76	3%
To lenders of capital as interest	184	10%	206	9%
To shareholders as dividend	88	5%	175	7%

Retained in the business as:	2023/24	%	2022/23	%
Provision for depreciation	190	10%	173	7%
Profit retained	(155)	-9%	494	20%
	1,822	100%	2,430	100%

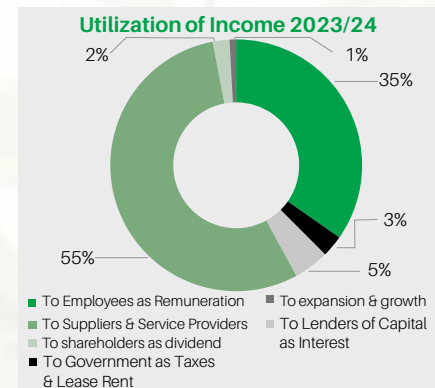


Sources and Utilisation of Income (Rupees in millions)

Sources of Income	2023/24	%	2022/23	%
Rubber	2,338	58%	3,352	59%
Tea	1,386	34%	1,726	30%
Coconut	70	2%	59	1%
Oilpalm	59	1%	39	1%
Other crops	0	0%	1	0%
Sale of rubber trees	54	1%	118	2%
Other income	134	3%	364	6%
	4,041	100%	5,659	100%



Utilization of Income	2023/24	%	2022/23	%
To employees as remuneration	1,403	35%	1,306	23%
To government as taxes & lease rent	113	3%	76	1%
To lenders of capital as interest	184	5%	206	4%
To suppliers & service providers	2,219	55%	3,229	57%
To shareholders as dividend	88	2%	175	3%
To expansion & growth	34	1%	667	12%
	4,041	100%	5,659	100%





MANAGEMENT DISCUSSION & ANALYSIS

The plantation sector in Sri Lanka has a rich history dating back to the colonial era. The British introduced large-scale cultivation of tea, rubber, and coconut during the 19th and early 20th centuries. These plantations were established primarily in the central highlands of Sri Lanka, which provided an ideal climate for these crops. Over the decades, the sector has evolved from its colonial roots into a crucial component of the national economy.

The plantation sector is a significant source of employment in Sri Lanka. It provides jobs for a large segment of the population, particularly in rural areas. This includes not just direct employment on plantations but also ancillary services related to the industry. Tea, rubber, and coconut are major export commodities for Sri Lanka. Tea, in particular, has established Sri Lanka as one of the world's leading tea producers and exporters. Rubber and coconut also contribute substantially to the country's foreign exchange earnings. The plantation sector contributes to the development of rural infrastructure. Investments in roads, schools, and healthcare in plantation areas have been integral to improving the quality of life for many Sri Lankans.

The plantation sector remains a cornerstone of Sri Lanka's economy, with historical significance and ongoing contributions to employment, foreign exchange earnings, and rural development. Looking forward, the sector's success will hinge on embracing sustainability, innovation, and global market opportunities while managing operational and financial challenges effectively.

Global Economic Performance

The global economy in 2023/24 reflects a period of cautious optimism tempered by ongoing challenges. Recovery from the pandemic continues, with diverse growth trajectories and significant attention to managing inflation and geopolitical risks. Technological advancements and sustainability initiatives are shaping future economic landscapes, while addressing disparities and adapting to new consumer behaviors remain critical for long-term stability and growth.

As per the World Bank Flagship Report, Global Economic Prospects issued in June 2024, Global growth is projected to stabilize at 2.6% this year, marking the first time in three years that growth has held steady despite ongoing geopolitical tensions and high interest rates. It further emphasizes that Looking ahead, growth is expected to edge

up to 2.7% in 2025-26, driven by modest improvements in trade and investment. Meanwhile, global inflation is anticipated to moderate, though at a slower pace than previously expected, averaging 3.5% this year.

The global economy is showing signs of stabilization after several years of overlapping negative shocks. Despite the challenges of elevated financing costs and heightened geopolitical tensions, global activity strengthened in early 2024. Growth prospects for the year have slightly improved, largely driven by the continued robust expansion of the U.S. economy.

However, the anticipated declines in global interest rates have been tempered by persistent inflationary pressures in key economies. Nonetheless, by historical standards, the global outlook remains modest, with both advanced economies and emerging market and developing economies (EMDEs) projected to grow at a slower pace over 2024-2026 compared to the decade preceding the pandemic.

Escalating geopolitical tensions pose a significant risk to commodity price stability, potentially leading to heightened volatility. In an environment characterized by elevated trade policy uncertainty, the growing risk of trade fragmentation threatens to further disrupt global trade networks. Persistent inflationary pressures may necessitate prolonged periods of higher interest rates, complicating economic recovery. Additional risks include weaker-than-expected economic performance in key markets and the increasing frequency of climate-related disasters. In this challenging landscape, policymakers face formidable tasks.

Coordinated global efforts are essential to safeguard trade, accelerate green and digital transitions, deliver effective debt relief, and enhance food security.

Sri Lanka Economic Performance

In 2023, Sri Lanka embarked on a path to recovery following its most severe economic downturn in recent history. In 2023, the Sri Lankan economy exhibited signs of recovery, experiencing a moderate contraction of 2.3 percent, a marked improvement compared to the significant 7.3 percent contraction recorded in 2022. Driven by growth in nominal GDP and a decline in the mid-year population, GDP per capita increased to Rs. 1,253,785 in 2023, up from Rs. 1,084,882 in 2022. In US dollar terms, GDP per capita rose to

US dollars 3,830, compared to US dollars 3,464 in the previous year, while GNI per capita increased to US dollars 3,706 from US dollars 3,378.

This rebound was driven by key factors including rapid disinflation, enhanced external resilience, improved fiscal balances, and the maintenance of financial system stability. Inflation, which had peaked in September 2022, returned to single-digit levels within a year and remained close to target by the end of 2023. This achievement was supported by the Central Bank's accommodative monetary policy from mid-2023 and a significant reduction in market interest rates, aided by the completion of the Domestic Debt Optimization (DDO) operation. In 2023, the general price level, as measured by both the Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI), saw a modest increase from the significantly high levels of the previous year. Throughout the year, both official Consumer Price Indices (CPIs) exhibited a gradual rise.

The Sri Lankan rupee, despite intermittent volatility, appreciated overall in 2023, reflecting a market-based exchange rate policy implemented by the Central Bank. The financial sector demonstrated resilience, bolstered by proactive and prudent policies along with enhanced crisis preparedness. The decisive policy adjustments and structural reforms by the Government and Central Bank were crucial in restoring macroeconomic stability, despite short-term challenges. The economic progress seen in late 2023 is expected to continue, supported by the ongoing reform program under the International Monetary Fund's Extended Fund Facility (IMF-EFF) arrangement. In 2023, market interest rates significantly declined from the elevated levels observed in 2022. This decrease was primarily attributed to accommodative monetary policy measures introduced in June 2023, along with other contributing factors. The domestic equity market showed mixed performance in 2023, with varying results in price indices, market capitalization, and daily turnover. Nonetheless, both the All Share Price Index (ASPI) and the Standard & Poor's Sri Lanka 20 (S&P SL20) indices exhibited positive momentum throughout the year.

External Sector Performance

In 2023, Sri Lanka's external current account achieved a surplus, driven by a significant reduction in the trade deficit, bolstered by increased services exports



MANAGEMENT DISCUSSION & ANALYSIS

and improved workers' remittances. Gross official reserves improved due to net foreign exchange purchases by the Central Bank and financing support from multilateral partners.

The trade deficit notably contracted in the latter half of 2022, with lower import expenditures and resilient export earnings. The services account surplus expanded slightly, reflecting increased tourism earnings.

The primary balance recorded a surplus in 2023, and the overall budget deficit narrowed compared to the previous year. The Government predominantly relied on domestic sources to finance the deficit due to challenges in accessing foreign funding.

By the end of 2023, central government debt as a percentage of GDP decreased to 103.9% from 114.2% in 2022, primarily due to nominal GDP growth and the impact of rupee appreciation on foreign debt. The secondary income account surplus also increased in 2023, supported by rising workers' remittances, which were enhanced by ongoing foreign employment departures.

Sri Lanka's external debt, valued at USD 54.8 billion at market value by the end of 2023, was significantly lower than the face value of USD 60.2 billion. This reduction is attributed to the lower market valuation of Government-issued international sovereign bonds (ISBs).

Outlook

The Sri Lankan economy is projected to continue its recovery and achieve its full potential in the coming years, supported by increased macroeconomic stability. This stability is anticipated to foster sustained economic growth and development across various sectors.

Globally, the economy demonstrated resilience in 2023 and is expected to overcome numerous challenges, including sluggish growth, persistent disinflation, and geopolitical risks. This positive outlook suggests a more stable and optimistic economic environment ahead.

Although there may be a potential widening of the trade deficit due to increased imports and economic activity, the external sector is likely to benefit from the favorable trends of 2023. The recovery of the tourism sector, high levels of workers' remittances, and anticipated non-debt creating inflows are expected to strengthen external buffers.

Given the current domestic and global economic uncertainties, adverse weather conditions, and geopolitical tensions, the risks associated with current economic projections are notably higher than usual. The future outlook for the Sri Lankan economy is thus influenced by a complex array of domestic and international factors. Key elements shaping the country's economic trajectory over the medium to long term include maintaining macroeconomic stability, implementing structural reforms, monitoring external sector developments, and building resilience against long-term challenges.

Agricultural Sector Review

During the year under review, the contraction of the economy was influenced by the agricultural, industrial, and service sectors in proportions of 8.3%, 25.6%, and 59.9%, respectively. The sectoral contributions to the economy in 2023 remained largely unchanged compared to 2022.

Agricultural activities saw a significant recovery in 2023, with a 2.6% increase in value added, reversing the 4.2% contraction experienced in 2022. This turnaround was driven by improved supply conditions, particularly for fertilizers, agrochemical inputs, and fuel. Key contributors to this growth included the cultivation of rice, fruits, vegetables, and fishing activities.

However, the production of tea, rubber, and coconut declined due to adverse weather conditions. The year under review unfolded against a backdrop of economic volatility, both domestically and globally. Sri Lanka's economy, although on a recovery path from the previous year's severe downturn, continued to face headwinds such as inflationary pressures, fluctuating commodity prices, and adverse weather conditions. These factors collectively influenced the performance of the agricultural sector, impacting yields, production costs, and market prices.

Company Financial & Operational Review

The financial year 2023/24 marked a pivotal period for plantation companies in Sri Lanka, characterized by a series of significant challenges and transformative opportunities. This review provides a comprehensive overview of our operational and financial performance, highlighting key achievements, areas of concern, and strategic initiatives undertaken to navigate the complex landscape of the agricultural sector.

Our Company operates in the core plantation sectors of tea, rubber, coconut, and oil palm, each with its unique set of challenges and opportunities. The tea segment, a cornerstone of Sri Lanka's export economy, experienced mixed outcomes with slight increases in production but was offset by declining prices. Similarly, the rubber and coconut segments grappled with reduced production due to unfavorable weather and increased costs, although the oil palm segment showcased remarkable growth and profitability.

In response to these multifaceted challenges, the Company embarked on several strategic initiatives aimed at enhancing productivity, improving cost efficiency, and fostering sustainable practices. Investments in modern agricultural techniques, coupled with targeted capital expenditures in field development, underscored our commitment to long-term growth and resilience. Furthermore, our focus on value addition and technological integration played a critical role in mitigating some of the adverse impacts on production and profitability.

From a financial perspective, the year was marked by a decline in overall revenue and profit margins, primarily driven by the underperformance of key segments such as tea and rubber. Despite these setbacks, the Company's robust asset base and prudent financial management ensured stability and continued shareholder engagement. The distribution of dividends and strategic capital allocation reflected our dedication to maintaining stakeholder confidence and fostering future growth.

As we move into the next financial year, the outlook remains cautiously optimistic. The continuation of government reforms, favorable market conditions, and our ongoing commitment to operational excellence are expected to support a gradual recovery. Embracing innovation, sustainability, and efficiency will remain central to our strategy, ensuring that we are well-positioned to capitalize on emerging opportunities and navigate future uncertainties.

This operational and financial review aims to provide stakeholders with a transparent and detailed account of our performance during the financial year 2023/24, highlighting our resilience, adaptability, and forward-looking strategies in the dynamic landscape of Sri Lanka's plantation industry.



Industry Review

Rubber Industry

Market Review

The rubber production in Sri Lanka faced a decline during the previous financial year. Locally, the rubber industry grappled with high production costs, labor shortages, and rising prices for fertilizers and other inputs. These challenges were exacerbated by economic instability and inflation, impacting the overall profitability of rubber plantations.

The global rubber market remained volatile, influenced by fluctuations in demand from major importers such as China, the United States, and the European Union. Sri Lanka's rubber industry faced competition from other leading producers like Thailand and Indonesia.

Production

The Central Bank of Sri Lanka reported a decrease of 9.06 percent in rubber production compared to the previous year. Adverse weather conditions, including unseasonal rainfall and extended dry spells, significantly impacted rubber tree growth and latex yield. Excessive rainfall caused root diseases and hampered tapping activities, while drought conditions stressed the trees, reducing latex flow.

Market Prices

The auction prices exhibited variability throughout the year, influenced by changes in global demand, production levels, and market conditions. In the 2023, the rubber industry in Sri Lanka faced fluctuations in auction prices due to various factors including global market dynamics, production challenges, and local economic conditions. The annual average price of Ribbed Smoked Sheet No. 1 (RSS 1) decreased to Rs. 559.41 during the year, marking a 6 percent reduction from Rs. 595 in the previous year.

Tea Industry

Market Review

The performance of Sri Lanka's tea industry was notably affected by several key factors, including adverse weather conditions, global market dynamics, and local economic challenges.

Production

The tea production in Sri Lanka reported a slight increase in 2023. According to the Central Bank of Sri Lanka, the total tea production increased by 1.7 percent compared to the previous year. Total tea production for 2023 was recorded at 256 million kilograms, up from 251.8 million kilograms the previous year.

The increase in Sri Lankan tea production can be attributed to several factors. Favorable weather conditions, enhanced agricultural practices, and improved availability of essential inputs like fertilizers and agrochemicals likely contributed to better yields. The industry also benefited from recovering from previous setbacks, such as adverse weather and pest infestations. Government support through initiatives, subsidies, and training programs played a crucial role in boosting production.

Demand Side Factors

The export volume of tea from Sri Lanka experienced a decline in 2023, with a reduction of approximately 3 percent, according to the Central Bank of Sri Lanka. Despite this decrease in volume, the value of tea exports increased by 4 percent, reaching a total of USD 1,310 million (approximately LKR 428,292 million). This rise in export value suggests that, although the quantity of tea exported fell, the value per unit of tea increased, reflecting higher prices or a shift in the export mix towards more premium products.

The global tea market experienced fluctuations in demand, with key importers like Russia, the Middle East, and the European Union adjusting their import levels based on economic conditions and changing consumer preferences. Sri Lankan tea faced stiff competition from other major tea-producing countries such as India and Kenya.

Market Prices

The auction prices for tea in Sri Lanka for the financial year varied based on the elevation categories - Low Grown, Medium Grown, and High Grown - as well as overall market trends.

The average auction price for Low Grown tea was approximately Rs. 1,264.87 per kilogram. Despite the marginal drop in production, Low Grown tea prices remained relatively stable.

The average auction price for Medium Grown tea reported as approximately Rs. 1,015.96 per kilogram. Medium Grown tea prices were somewhat affected by the favorable weather conditions likely improved the quality and yield of tea, boosting market demand.

The average auction price for High Grown tea was approximately Rs. 1,097.95 per kilogram. High Grown teas, known for their distinctive flavors and high quality, maintained relatively higher prices.

The overall average auction price for all categories of Sri Lankan tea was approximately Rs. 1,188.33 per kilogram. The overall auction prices were supported by global demand for high-quality Ceylon tea and a weaker Sri Lankan Rupee, which made Sri Lankan tea more competitive in international markets. However, price fluctuations were influenced by the varying performance of each elevation category and the overall reduction in tea production.

Coconut Industry

Market Review

The coconut production in Sri Lanka experienced a significant decline during the year. According to the Central Bank of Sri Lanka, production decreased by approximately 06.5 percent compared to the previous year. The production of coconuts in Sri Lanka recorded a total of 3,170 million nuts for the year 2023, compared to 3,391 million nuts in the previous year. This represents a decline in production, reflecting a decrease in the overall yield of coconut cultivation during this period.

Adverse weather conditions, particularly prolonged droughts followed by heavy rains, were the main contributors to the decline in coconut production. Drought conditions during the critical flowering and fruiting stages of the coconut palms severely affected yields, while heavy rains led to waterlogging and increased the incidence of diseases.



MANAGEMENT DISCUSSION & ANALYSIS

Company Segmental Review

Rubber Segment

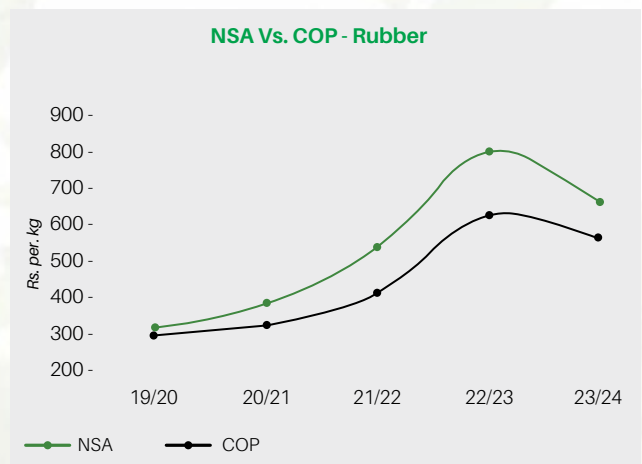
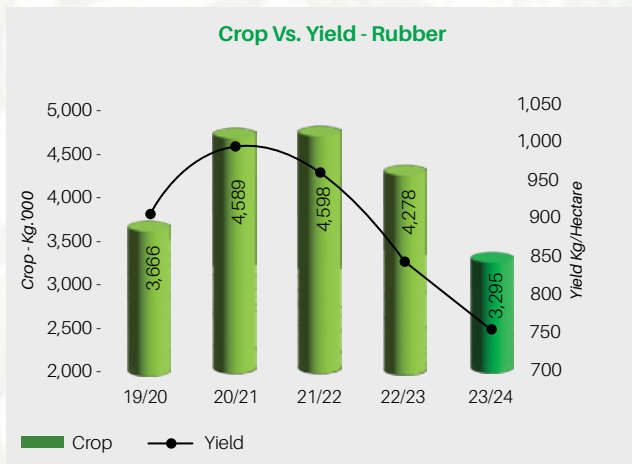
The Company's operations in the rubber segment faced considerable challenges during the 2023/24 financial year. Adverse weather conditions led to a significant decline in rubber crop yields, exacerbating the impact of already declining market prices. As a result, Kegalle Plantations PLC (KPPLC) experienced a 30% deterioration in revenue from the rubber segment, accompanied by a 23% decrease in total production. This dual impact of lower market prices and reduced crop output underscored the vulnerability of the rubber segment to external environmental factors.

The Net Sales Average (NSA) for rubber has experienced a significant decline during the 2023/24 financial year. The NSA fell to Rs. 661.65, marking a 17% decrease from the previous year's figure of Rs. 799.50. This reduction in the NSA reflects the broader challenges faced by the rubber segment, including decreased market prices and lower overall revenue.

During the period under review, the revenue from the rubber segment declined significantly to Rs. 2.3 billion, down from Rs. 3.4 billion in the previous year. This represents a 30% reduction in revenue compared to the prior year. At the end of the financial period, the Company recorded a gross profit of Rs. 207 million from the rubber segment. This figure reflects a substantial 65% deterioration from the gross profit of Rs. 593 million reported in the previous year.

The rubber segment has traditionally been the dominant component of the Company's operations. However, the reduced financial performance of Rubber Segment can be largely attributed to a significant drop in the profit margin.

In the 2023/24 financial year, the Company recorded a profit margin of Rs. 100.48, a decrease from Rs. 173.47 in the previous year. This represents a 42% reduction in profit margin compared to the prior year. The decline highlights a significant decrease in profitability, reflecting the challenges faced during the year and underscoring the need for strategic measures to enhance financial performance.





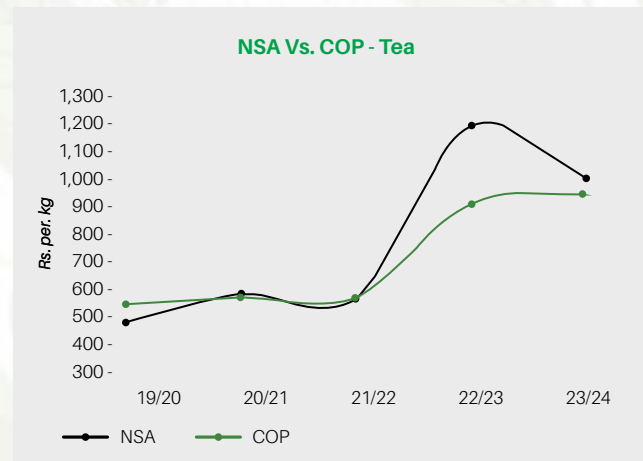
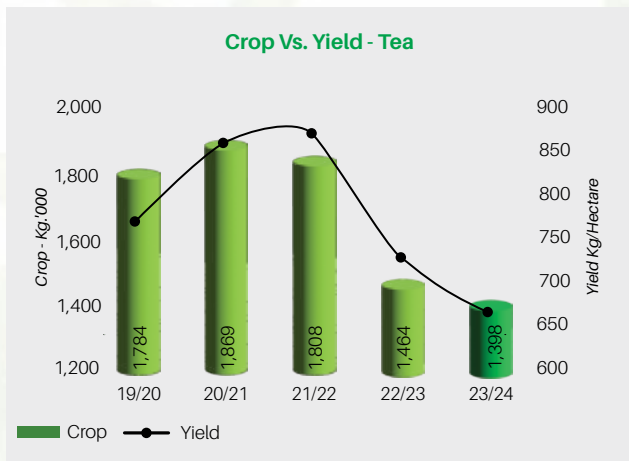
Tea Segment



During the year under review, the Company's tea production decreased by 5%, totaling 1.40 million kilograms compared to 1.46 million kilograms in the 2022/23 financial year. At the same time, revenue from the tea segment experienced a notable decline, decreasing by 20% from Rs. 1,726 million to Rs. 1,386 million.

In the 2023/24 financial year, the Net Sales Average (NSA) for the Company's tea segment experienced a 16% decline, decreasing from Rs. 1,182.97 to Rs. 991.69. Concurrently, the Company's Cost of Production (COP) increased by 4%, rising from Rs. 909.07 to Rs. 941.43, driven by various macro-economic factors. As a result of these changes, the Company reported a per kilogram profit of Rs. 50.27 by the end of the year. This represents a significant 82% reduction compared to the previous year's profit of Rs. 273.89 per kilogram. The substantial decline in profit margin underscores the impact of both weakening NSA and rising production costs on the overall profitability of the tea segment.

The substantial decline in the Net Sales Average (NSA), combined with the increase in the Cost of Production (COP), has had a detrimental effect on the Company's operations. The previous year's gross profit of Rs. 363 million decreased significantly to Rs. 29 million during the financial year under review. This sharp reduction in gross profit reflects the adverse impact of both the reduced NSA and the rising COP on the Company's financial performance.





MANAGEMENT DISCUSSION & ANALYSIS

Coconut Segment

The financial results of the coconut segment experienced a negative shift during the year under review, primarily due to the impact of unfavorable market and economic conditions. These adverse factors significantly influenced the segment's performance, reflecting broader challenges faced in the industry.

The Company's production of coconuts decreased to 993 thousand nuts during the year under review, compared to 1 million nuts in the 2022/23 financial year. This represents a 3% reduction in production, indicating a slight weakening in output for the coconut segment.

During the financial year under review, the Net Sales Average (NSA) for the coconut operations improved by 10%, rising from Rs. 60.55 to Rs. 66.31. Conversely, the Cost of Production (COP) for the coconut operations increased significantly by 34%, escalating from Rs. 37.09 to Rs. 49.68.

Despite these conflicting operating and market conditions, the revenue from the coconut plantation showed a notable increase. Revenue rose from Rs. 59 million in the previous year to Rs. 70 million in 2023/24, marking an 18% growth. This increase highlights the segment's resilience and ability to achieve revenue growth amidst rising production costs and market challenges.

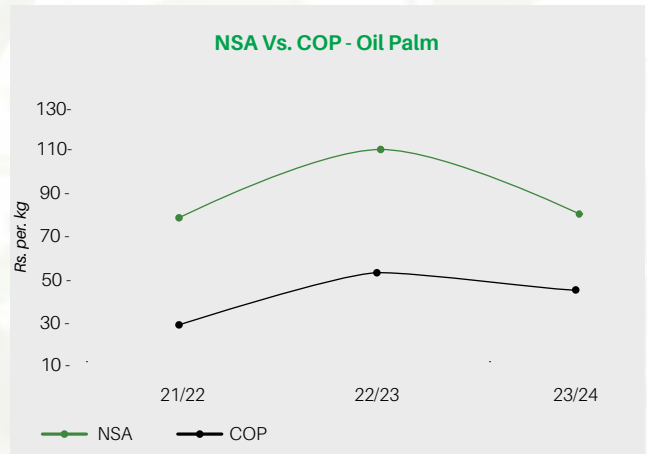
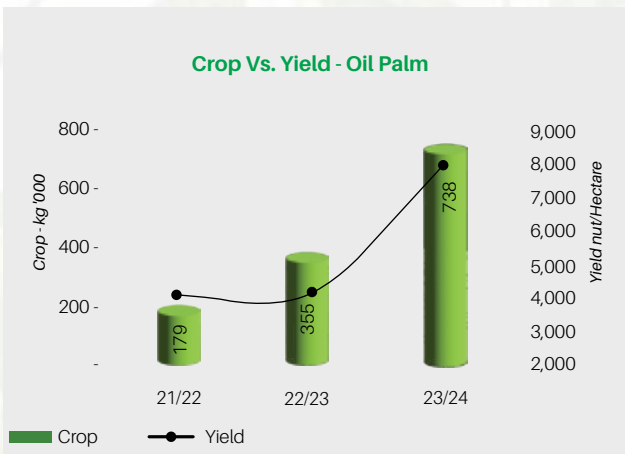
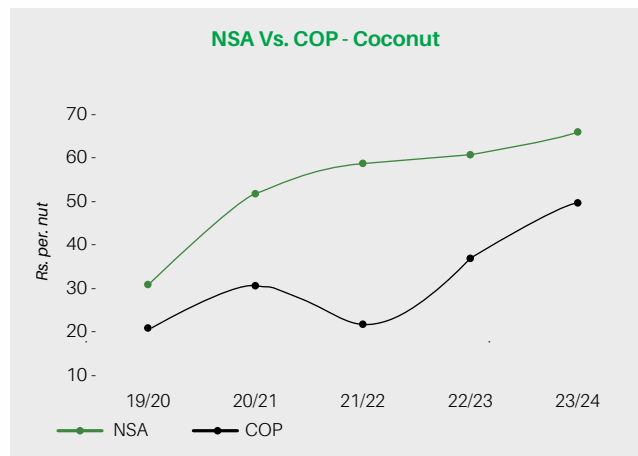
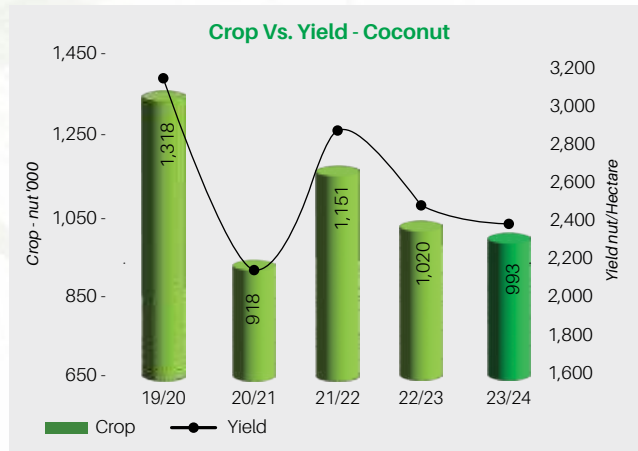
The gross profit margin decreased from Rs. 23.46 to Rs. 16.64, representing a 29% decline. This significant drop in the gross profit margin has adversely impacted the financial performance of the coconut segment during the year under review.

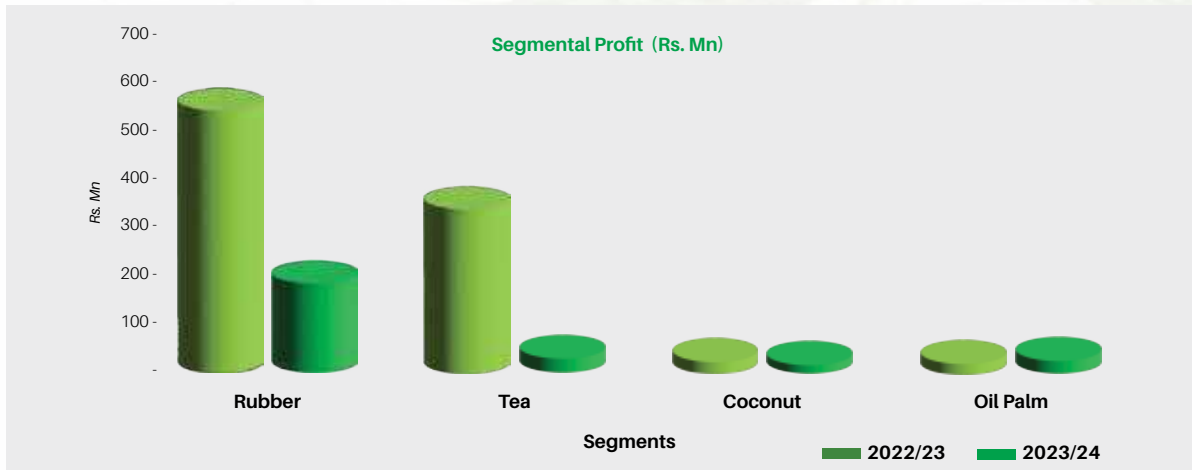
In alignment with the changes in revenue and costs, the gross profits of the coconut plantation have declined. Gross profits decreased by 24%, falling from Rs. 23 million in the previous year to Rs. 18 million during the current financial year. This reduction reflects the impact of increased production costs despite the rise in revenue.

Oil Palm Segment

The Oil Palm segment of the Company demonstrated a further progressive contribution to overall performance by reporting an operating profit of Rs. 27 million in the current financial period. This represents a 29% growth compared to the previous year, highlighting the segment's positive impact on the Company's financial results.

During the year under review, the Company recorded a crop yield of 738,040 thousand kilograms, a significant increase from the 355 thousand kilograms reported in the previous year. In line with market factors, the Net Sales Average (NSA) was Rs. 80.37, while the Cost of Production (COP) was Rs. 44.37. This resulted in an operating profit of Rs. 27 million, compared to Rs. 21 million in the last financial year. The increase in yield and favorable market conditions contributed to this positive financial outcome.





Operating Highlights

Despite facing significant economic, social, and political challenges, the Company strived to achieve robust financial and operational performance during the 2023/24 financial year. Demonstrating its commitment to delivering value to shareholders, the Company declared and distributed a dividend of Rs. 3.50 per share. The management’s ability to sustain dividend payments reflects a strategic focus on maintaining shareholder trust and confidence while navigating through complex market conditions. The Company’s resilience in preserving shareholder value, despite external pressures, highlights its steadfast dedication to financial stability and operational excellence.

Revenue

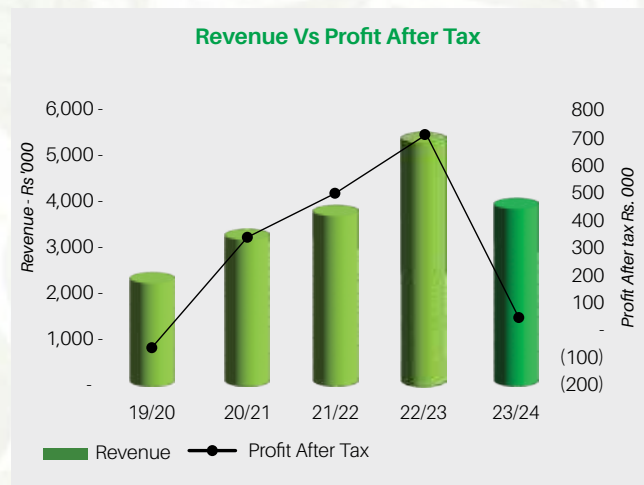
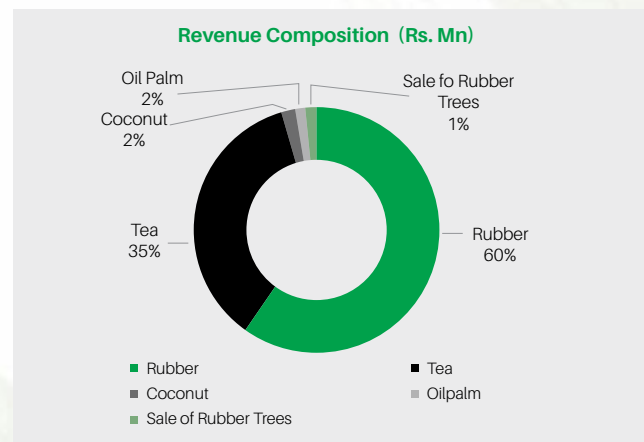
The Company experienced a significant decrease in revenue during the 2023/24 financial year. Total revenue for the year amounted to Rs. 3.91 billion, representing a 26% decline from the Rs. 5.29 billion reported in the previous year. This considerable reduction in revenue is primarily attributed to decreased earnings from the Tea and Rubber segments.

Profitability

Kegalle Plantations PLC faced a substantial decline in profitability in the 2023/24 financial year. The Company’s profit after tax plummeted by 97%, amounting to Rs. 21 million compared to Rs. 690 million recorded in the previous year. This dramatic decrease in profit underscores the significant financial challenges encountered during the year. Despite these challenges, the Company demonstrated resilience, maintaining strong performance in the market, even as the plantation industry faced a challenging year due to tough market conditions.

KPPLC’s gross profit from operations weakened by 70%, declining to Rs. 334 million for the year, compared to Rs. 1,118 million recorded in 2022/23. Despite this overall decline, the Rubber segment, the key contributor to the Company’s profitability, delivered strong operating performance throughout the year, resulting in an operating profit of Rs. 207 million. The Tea, Coconut, and Oil Palm segments contributed operating profits of Rs. 28 million, Rs. 18 million, and Rs. 27 million, respectively. Additionally, the sale of rubber trees, a major operating segment of KPPLC, recorded an operating profit of Rs. 54 million.

Operating profit decreased by 62% to Rs. 373 million during the financial year, down from Rs. 987 million in the previous year. With the stabilization of the general price level in the country, administrative expenses fell by 11%. Additionally, the management fee decreased by 68%, reflecting the reduced operating performance of the Company during the year.

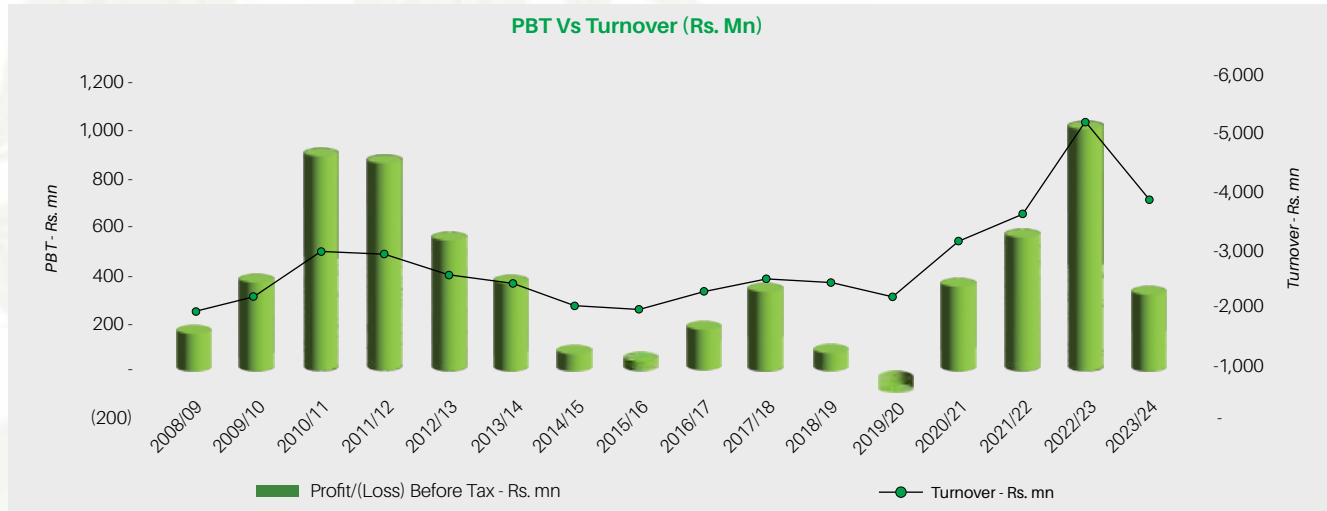




MANAGEMENT DISCUSSION & ANALYSIS

The Company's finance income was negatively impacted by an exchange loss, which escalated unfavorably due to the appreciation of the Sri Lankan rupee against the US dollar. This currency appreciation was driven by various improvements in Sri Lanka's monetary sector, particularly in the external sector. On the other hand, the Company's finance cost remained nearly unchanged, showing a slight increase of 1% during the year. While finance costs on long-term borrowings decreased, the Company utilized several short-term funding facilities for working capital management during the review period.

The combined effects of finance income and finance cost resulted in a profit before tax of Rs. 136 million for the financial year 2023/24, reflecting an 87% decline compared to the previous year.



Asset Base

The Company's strong asset base is a significant advantage, underpinning its financial stability and operational resilience. A substantial asset portfolio not only ensures the Company's ability to withstand market fluctuations but also provides a solid foundation for future investments and expansion.

KPPLC's total assets were valued at Rs. 7.85 billion as at the financial year end. The shareholders' equity stood at Rs. 3.65 billion, reflecting the Company's financial position amidst the challenging operating environment. This robust asset base enhances the Company's capacity to secure financing, invest in innovative projects, and capitalize on emerging opportunities, ultimately driving long-term growth and sustainability.

Despite current assets remaining stable at Rs. 1.7 billion, the Company saw a 12% increase in non-current assets, leading to a 9% overall growth in its total asset base.

Net Assets per Share

The Company's net assets per share reflect its strong financial foundation, offering shareholders a clear indication of the underlying value of their investment. This

metric underscores the Company's ability to generate returns and maintain financial stability over the long term. Accordingly, net assets per share decreased by 4% to Rs. 145.90 as of the end of the financial year. The 4% decline in net assets per share to Rs. 145.90 as of the end of the financial year reflects a reduction in the value of net assets attributable to each share. This decrease can be attributed to several factors including

Earnings Performance : The reduction in net profit and increased operational costs during the year have negatively impacted the retained earnings, influencing the net assets per share.

Market Conditions : Broader market conditions and industry-specific challenges have affected the Company's asset valuation, financial performance, contributing to the decline.

Overall, while the decrease in net assets per share reflects some challenges, it is important to consider these factors in the context of the Company's overall financial health and strategic direction.

Debt Position

The Company's funding is primarily sourced from long-term and short-term borrowings.

Total borrowings amount to Rs. 1,229 million, which includes Rs. 700 million in overdraft facilities. This structure reflects a combination of longer-term financial commitments and short-term liquidity management to support operational needs and growth initiatives.

The Company's additional funding requirements have been met through external borrowings, which have effectively reduced the cost of capital. By securing bank loans at lower and concessionary rates, the Company has optimized its financing costs, leveraging favorable market and economic conditions to enhance financial efficiency.

Cash Flows

In line with the Company's reduced operating performance, cash generated from operations decreased by 18%, amounting to Rs. 647 million compared to Rs. 787 million in the previous year. The cash flow from investing activities recorded a cash outflow of Rs. 560 million, representing a 49% increase from the previous year. This substantial increase underscores KPPLC's dedication to sustainability initiatives, demonstrating the Company's commitment to investing in long-term projects that align with its environmental and social responsibility goals.



KPPLC successfully reduced its cash outflow in financing activities, primarily consist of repayment of long-term debt and dividend payments. Accordingly, cash outflow in financing activities decreased to Rs. 296 million, compared to Rs. 641 million last year. This significant reduction highlights KPPLC's prudent financial management, particularly in reducing long-term debt, thereby strengthening the Company's solvency position.

Capital Expenditure

During the 2023/24 financial year, the Company invested a total of Rs. 631 million in capital expenditures. A significant portion of this expenditure, amounting to Rs. 523 million, was dedicated to field development initiatives.

This strategic allocation underscores the Company's commitment to enhancing its agricultural operations and improving long-term productivity.

The breakdown of field development expenses is as follows:

- Rubber: The Company allocated Rs. 408 million towards the development of rubber fields. This investment highlights the focus on increasing the yield and quality of rubber production, which remains a crucial segment for the Company.
- Coconut: An expenditure of Rs. 38 million was directed towards the development of coconut plantations. This allocation aims to boost the efficiency and output of coconut farming, contributing to the Company's diversification efforts.
- Oil Palm/Other Crops : Rs. 75 million was invested in the development of oil palm fields/other crops. This investment is part of the Company's strategy to expand its presence in the oil palm sector including Coffee and improve its overall agricultural portfolio.

These targeted investments in field development reflect the Company's proactive approach to sustaining and growing its core agricultural operations, positioning it for future success and resilience in the industry.

Debt and Finance Cost

Overall, the 2023/24 period was characterized by a challenging borrowing environment, with companies adopting

various strategies to manage and mitigate their finance costs amidst ongoing economic uncertainties.

The KPPLC's finance costs amounted to Rs. 126 million, marking a 20% year-on-year reduction, primarily due to a decrease in benchmark borrowing rates offered by banks. Despite this reduction, the net borrowing balance increased by 25% to Rs. 1,229 million at the end of the financial year 2023/24. This increase was driven by the utilization of several overdraft facilities to offset weaker operating results, which in turn elevated finance costs throughout the year.

Market Capitalization

For KPPLC, a market capitalization of Rs. 3 billion at the end of the year signifies the Company's substantial market presence and the confidence investors have in its future prospects. The value per market share, recorded at Rs. 120.50, reflects investor sentiment, as well as the Company's ability to generate returns over time. These figures underscore the Company's financial strength, its ability to navigate market challenges, and the overall appreciation of its value from its inception.

Furthermore, a healthy market capitalization enhances the Company's visibility in the capital markets, making it more attractive to institutional investors and providing better opportunities for capital raising. Therefore, maintaining and growing market capitalization is a strategic priority for KPPLC, aligning with its long-term goals of value creation and sustained growth.

Earnings Per Share

EPS is a fundamental metric that gauges a Company's profitability on a per-share basis, providing insight into its financial health and performance. For KPPLC, the EPS for the financial year 2022/23 was Rs. 27.59 per share. However, in 2023/24, the EPS decreased by Rs. 0.85, bringing it down to Rs. 26.74 per share. This decline reflects a reduction in the Company's financial and operating performance during the year, which have been due to factors such as decreased revenue, higher costs and other operational challenges.

In summary, while the decline in EPS indicates operational and financial challenges, the high P/E ratio reflects strong market expectations and investor confidence in KPPLC's future potential. This complex situation underscores the need for the Company to focus on

strategic improvements and transparent communication to align with investor expectations and sustain its market valuation.

Dividends

The Board of Directors of KPPLC has approved a total dividend payout of Rs. 3.50 per share for the financial year 2023/24, marking a 50% decrease compared to the previous year's dividend distribution. This reflects the Company's continued commitment to rewarding shareholders despite a challenging financial performance. This approach demonstrates the Company's dedication to providing value to its investors while strategically positioning itself for future development.

KPPLC's dividend policy is designed to reward shareholders for the value created, ensuring that dividends are distributed in a manner that reflects both financial and non-financial achievements. The Company's primary financial goal is to achieve a balance between distributing earnings to shareholders and retaining sufficient resources to foster long-term growth. Statement of Value Added:

The Statement of Value Added highlights how KPPLC has generated value and allocated it to various stakeholders. For the financial year 2023/24, Rs. 87.5 million has been distributed as dividends, illustrating the Company's commitment to returning value to its shareholders. This distribution aligns with the Company's approach to share financial returns while also focusing on sustaining and enhancing the Company's long-term strategic objectives. In summary, while the dividend payout for 2023/24 has decreased significantly, this decision reflects a strategic balance between rewarding shareholders and ensuring that sufficient resources are retained for the Company's future growth.

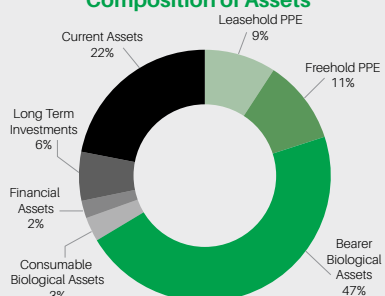


MANAGEMENT DISCUSSION & ANALYSIS

QUARTERLY PERFORMANCE

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2023/24 Total	2022/23 Total
Revenue	Rs '000	1,034,152	1,135,423	755,219	982,314	3,907,108	5,294,938
Gross Profit	Rs '000	72,832	107,378	80,993	72,909	334,112	1,118,422
Profit Before Interest & Tax	Rs '000	55,782	124,873	89,159	97,292	367,106	1,246,677
Profit / (Loss) Before Tax	Rs '000	(15,205)	54,571	28,717	67,535	135,618	1,017,772
Profit / (Loss) After Tax	Rs '000	(15,205)	54,571	28,717	(46,849)	21,234	689,858
Earnings / (Loss) per Share	Rs.	(0.61)	2.18	1.15	(1.87)	0.85	27.59
Net Assets Value per Share	Rs.	150.92	153.11	154.26	145.90	145.90	151.54
Last Traded Market Price per Share	Rs.	116.50	124.50	118.00	120.50	120.50	128.00
Highest Market Price per Share	Rs.	140.00	139.00	127.50	127.00	140.00	270.00
Lowest Market Price per Share	Rs.	106.50	113.00	114.00	105.00	105.00	80.00
Total Assets	Rs 'Mn	7,403	7,420	7,372	7,847	7,847	7,176
Total Equity	Rs 'Mn	3,773	3,828	3,857	3,648	3,648	3,788
Total Debt	Rs 'Mn	1,220	1,206	1,203	1,229	1,229	983
Debt Equity Ratio	%	32	32	31	34	34	26
Equity / Asset Ratio	%	51	52	52	46	46	53
Price Earnings Ratio	Times	(192)	57	103	(64)	142	5

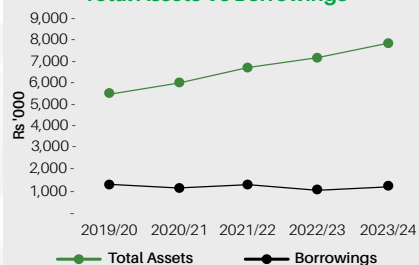
Composition of Assets



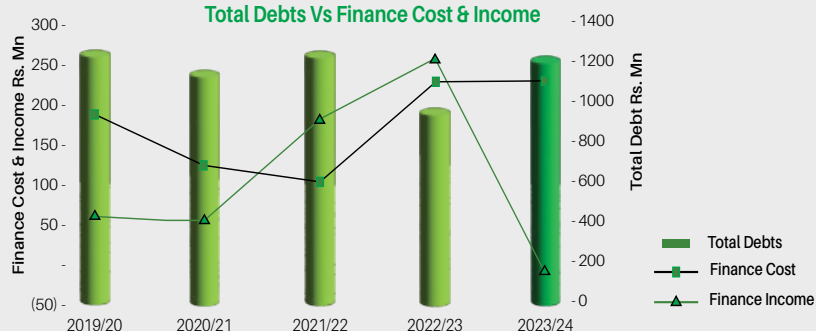
Capital Expenditure



Total Assets Vs Borrowings



Total Debts Vs Finance Cost & Income





Environmental & Social Responsibility Report

In an era of increasing environmental and social awareness, our plantation Company is dedicated to integrating sustainability into every aspect of our operations. This report provides a comprehensive overview of our commitment to environmental stewardship and social responsibility, highlighting our ongoing efforts to create a positive impact on both the environment and the communities we serve.

At Kegalle Plantations PLC, our primary environmental focus is fostering a sustainable agricultural landscape across our managed estates. This commitment includes strategies such as reducing agrochemical usage, maintaining high conservation value areas as chemical-free zones, enhancing soil quality, controlling erosion, and managing landscapes to support biodiversity. Further Our initiatives include efficient water use, waste management, and climate change mitigation through carbon footprint reduction and carbon sequestration efforts. Our adherence to environmental regulations and continuous improvement in our practices reflect our commitment to minimizing our ecological footprint.

Despite the challenges in the economic and environmental sectors, Kegalle Plantations PLC remains dedicated to its sustainability agenda. We are committed to setting and achieving goals that promote long-term growth while minimizing environmental and social impacts. Our ongoing efforts focus on staying informed about sustainable practices and advancing initiatives that support the Company's growth without compromising the environment or the communities we serve.

Our focus on social sustainability encompasses fair labor practices, community engagement, and respect for human rights. We are committed to providing safe working conditions, fair wages, and opportunities for employee development. Through local community support and stakeholder dialogue, we aim to enhance the well-being of the communities in which we operate and address any concerns proactively.

This report underscores our dedication to achieving these goals while navigating the complex interplay of environmental, social, and economic factors. As we advance our sustainability agenda, we remain focused on creating value for our stakeholders and fostering a positive impact on our planet and society.

Kegalle Plantations PLC manages total land-bank of 9,757 Ha comprising 17 Estates including rubber 4,733 Ha, Tea 1,328 Ha and Coconut 498 Ha. Out of the total planted area Rubber, tea and Coconut has matured area of 2,676 Ha, 1,278 Ha and 423 Ha respectively.

Environmental Stewardship

Environmental stewardship is at the heart of our plantation Company's operations. We are committed to managing our natural resources responsibly, preserving biodiversity, and minimizing the environmental impact of our activities. Our approach to environmental stewardship is guided by sustainable practices that ensure the long-term health and productivity of the ecosystems in which we operate.

We are constantly strengthening our efforts to reduce the Company's environmental effect outside of our agricultural areas. This aims to lower our carbon footprint and contribute to conservation, ensuring environmental sustainability and the well-being of our stakeholders. We believe that sustainable development and growth imply progressively developing the methods by which we produce and consume assets. Efficient management of our common natural resources, as well as waste management, are critical factors in ensuring the efficiency and sustainability of our activities.

By integrating these practices into our operations, we aim to create a positive and lasting impact on the environment. Our commitment to environmental stewardship is not just about compliance with regulations; it is about setting a standard for sustainable agriculture that benefits the planet, our business, and future generations.

Waste and Water Management

Effective waste and water management are critical aspects of sustainable operations for plantation companies. Given the environmental impact and resource dependence inherent in plantation activities, managing these aspects is essential for both ecological balance and the long-term viability of the business.

Improper disposal of agricultural and industrial waste can lead to soil degradation, water pollution, and harm to local ecosystems. We Implement effective waste management practices minimizes environmental contamination and supports biodiversity conservation.

Recycling, composting, and reusing waste materials not only reduce our environmental footprint but also create opportunities for cost savings. Proper waste management protects the health and well-being of our local communities by preventing pollution of air, water, and soil. It also enhances the KPPLC's social license to operate by demonstrating a commitment to environmental stewardship. Effective waste management mitigates risks associated with environmental liabilities, such as contamination and clean-up costs. It also reduces our risk of operational disruptions caused by regulatory sanctions or community opposition.

Plantation activities often require significant amounts of water. Efficient water management practices like effluent treatment plants which located within our factories help us to prevent the contamination of local water sources, maintains water quality, and protects aquatic ecosystems. KPPLC's Responsible water use ensures that communities have access to clean water, which is vital for their health, agriculture, and livelihoods. By managing water resources sustainably, we contribute to the social and economic well-being of surrounding communities. Water scarcity poses a significant risk to plantation productivity.

We acknowledge that both waste and water management are subject to strict environmental regulations. By adhering to these regulations, KPPLC avoid legal penalties and maintain our license to operate. Compliance also enhances the KPPLC's reputation among stakeholders, including investors, customers, and regulatory bodies. Efficient waste and water management reduce our operational costs associated with waste disposal, water procurement, and treatment. By conserving resources and minimizing waste, we focus to improve profitability and ensure the sustainability of our operations.

Waste and water management are fundamental to the sustainability and resilience of plantation companies. By prioritizing these practices, KPPLC protect the environment, ensure regulatory compliance, enhance operational efficiency, and contribute positively to local communities. Ultimately, effective waste and water management are not only environmental imperatives but also key drivers of our long-term business success.



MANAGEMENT DISCUSSION & ANALYSIS



Energy Efficiency

Energy efficiency is crucial for plantation companies aiming to enhance sustainability, reduce operational costs, and minimize their environmental impact. Given the resource-intensive nature of plantation activities, optimizing energy use is essential for both economic and ecological reasons. Energy efficiency is not just a cost-saving measure; it is a strategic imperative that drives environmental sustainability, regulatory compliance, operational excellence, and long-term profitability. Energy efficiency is a key component of KPPLC sustainable business practices. By reducing energy consumption and lowering emissions, KPPLC contribute to the long-term health of the environment and the communities in which we operate. Energy-efficient equipment and processes lead to better performance, higher reliability, and reduced downtime. This contributes to overall operational efficiency and productivity within the plantation.

To increase energy efficiency at KPPLC, we are implementing several strategies:

- ◆ Upgrade Machinery and Equipment: Replacing outdated machinery with energy-efficient models significantly reduce our energy consumption.
- ◆ Optimize Processes: Streamlining production processes and reducing energy waste lead to improved efficiency.
- ◆ Renewable Energy Integration: Incorporating renewable energy sources like solar power into operations lower dependency on non-renewable energy.
- ◆ Employee Training: Educating staff and employees on energy-saving practices ensures that everyone contributes to reducing energy usage.

These initiatives not only reduce operational costs at KPPLC but also contribute to environmental sustainability.

Soil Conservation

Soil conservation is a critical aspect of sustainable plantation management. For a plantation Company, preserving soil health is fundamental to ensuring long-term productivity and environmental balance. Healthy soil supports robust crop growth, maintains biodiversity, and mitigates the risk of erosion, which is essential for sustaining agricultural yields over time. Implementing soil conservation practices, such as contour planting, cover cropping, and organic matter enrichment, helps prevent degradation, enhances water retention, and reduces the need for chemical inputs.

For KPPLC, prioritizing soil conservation not only safeguards the land's vitality but also aligns with broader sustainability goals, ensuring the continued prosperity of the Company and the communities it serves. We have introduced cover crops to mitigate erosion, enhance soil health, improve water retention, suppress weeds, manage pests and diseases, boost biodiversity, and provide various other benefits to the soil.

We have introduced Pueraria, a leguminous plant, to our soil management practices for its soil conservation benefits. Pueraria is effective in preventing erosion, improving soil structure, and enhancing nutrient availability. Its extensive root system stabilizes soil, reduces runoff, and reinforces slopes, while its foliage provides ground cover to safeguard the soil from erosion.

Bio Latex/Organic Rubber

Biolatex, or organic rubber, represents a significant innovation in the plantation industry, particularly for companies like KPPLC. Derived from natural latex, biolatex is produced without harmful chemicals, making it an environmentally friendly alternative to conventional rubber.

For KPPLC, investing in biolatex production aligns with the Company's sustainability goals, offering a product that meets the growing global demand for eco-friendly materials. The shift towards organic rubber not only enhances the Company's environmental stewardship but also opens up new market opportunities, catering to customers who prioritize sustainable and ethically sourced products. By embracing biolatex, KPPLC strengthens its commitment to environmental responsibility while potentially increasing its market share and profitability.

KPPLC aims to increase its investment in organic and sustainable agricultural practices, including the expansion of biolatex production, to meet the growing demand for eco-friendly products. By prioritizing sustainability, innovation, and market adaptability, KPPLC is positioning itself for long-term growth and increased shareholder value.



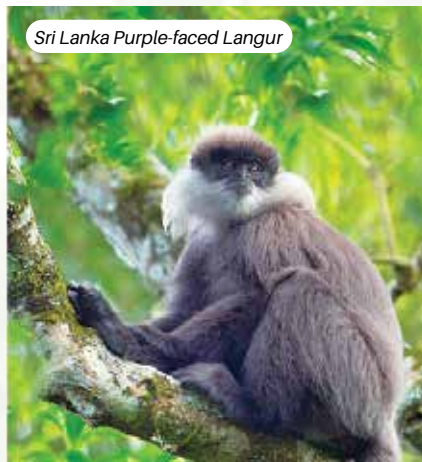
Biodiversity Conservation

Biodiversity conservation is a cornerstone of sustainable operations at Kegalle Plantations PLC (KPPLC). As a responsible plantation Company, KPPLC is dedicated to protecting and enhancing biodiversity within and around its estates. By integrating conservation into its operations, KPPLC not only supports ecological balance but also strengthens the resilience of its agricultural practices. This commitment ensures the sustainability of natural resources, promotes healthy ecosystems, and aligns with the broader environmental goals of the communities it serves.

Spanning approximately 9,757 hectares of Rubber, Coconut, Tea, and Oil Palm plantations, KPPLC's dedication to sustainable agricultural practices and environmental stewardship is evident. Biodiversity assessments have uncovered a wealth of species within these estates, including a substantial number of Sri Lanka's recorded species, with several being endemic. However, the presence of critically endangered and threatened species, such as the Bandula Barb, Sri Lanka Purple-faced Langur, Sri Lanka Tiger Loach, and Fishing Cat, underscores the urgency for targeted conservation measures. Additionally, the discovery of the Aranayake Danio, an endemic freshwater fish found only in the Aranayake area, highlights the critical importance of preserving its delicate habitat within KPPLC's managed estates. KPPLC places significant emphasis on environmental values, embedding them deeply into its operations. The Company



The Bandula Barb



Sri Lanka Purple-faced Langur



Sri Lanka Purple-faced Langur



Sri Lanka Fishing Cat

has implemented several initiatives, including the establishment of chemical-free zones on select estates and the promotion of organic farming practices, such as bio-latex fields for sustainable rubber production. These actions reflect KPPLC's commitment to balancing agricultural productivity with environmental conservation and community well-being. The Company's environmental strategy focuses on reducing agrochemical usage, preserving high conservation value areas, enhancing soil quality, managing erosion, and promoting biodiversity across its estates.

To uphold its commitment to biodiversity conservation, KPPLC has established High Conservation Value (HCV) areas within its landscape. Specific actions guide the identification and management of these ecologically significant zones, with detailed recommendations aimed at enhancing habitat quality, ensuring connectivity, and promoting the long-term viability of these areas. This approach reinforces ecosystem resilience and sustainability, essential for the continued success of the plantations and the preservation of biodiversity.

The critical habitats identified within KPPLC's estates have emerged as significant biodiversity hotspots, marked by their rich species diversity and ecological

importance. These areas serve as essential refuges for vulnerable species, including those classified as endangered or endemic, and are crucial for maintaining the resilience and functionality of surrounding ecosystems. The recognition of HCV areas underscores the need to preserve these natural habitats, minimize habitat fragmentation, and promote landscape connectivity, ensuring the long-term viability of biodiversity within the estates.

The production landscape managed by KPPLC delivers a wide range of essential ecosystem services, including provisioning resources like food and raw materials, as well as regulating functions such as climate control and water purification. These ecosystems play a crucial role in sustaining local economies, livelihoods, and preserving cultural heritage. Moreover, KPPLC's promotion of ecotourism, recreational activities, and cultural practices within the estates underscores the potential for aligning biodiversity conservation with socio-economic development objectives.

KPPLC exemplifies responsible corporate citizenship and environmental stewardship within the agricultural sector by adopting a holistic approach to conservation, prioritizing stakeholder engagement, and fostering innovation. Their efforts contribute significantly to broader conservation



MANAGEMENT DISCUSSION & ANALYSIS

initiatives, promoting a balanced relationship between human activities and natural ecosystems. The challenge remains to secure and enhance agricultural yields while safeguarding biodiversity, ecosystems, and natural resources. Through strategic planning and collaboration with local communities and conservation organizations, KPPLC strives to achieve this balance, ensuring both the long-term success of its operations and the well-being of the environments in which it operates.

Timber and Forestry management

Timber and forestry management are integral components of KPPLC's operations, emphasizing sustainable practices that balance economic growth with environmental stewardship. By implementing responsible forest management strategies, KPPLC ensures the long-term viability of its timber resources, supporting both commercial needs and ecosystem health.

Our approach focuses on the sustainable harvesting of timber, reforestation, and the preservation of biodiversity within our forestry operations. This commitment not only contributes to the Company's profitability but also enhances carbon sequestration, soil conservation, and the protection of water resources. Through these efforts, KPPLC demonstrates its dedication to maintaining a harmonious relationship between economic activities and the natural environment.

To balance timber extraction, KPPLC actively engages in reforestation and afforestation programs. By planting native and fast-growing tree species, we ensure the replenishment of forest cover and contribute to carbon sequestration. We employ selective harvesting techniques to ensure that timber extraction is conducted in a manner that minimizes environmental impact. This approach helps maintain forest biodiversity and prevents soil erosion.

We collaborate with local communities to promote sustainable forestry practices and ensure that our operations contribute to local livelihoods. Educational programs and participatory approaches help foster a shared commitment to forest conservation.

Our Alignment with Quality Standards

At KPPLC, our commitment to excellence is demonstrated through strict adherence to internationally recognized quality standards across various aspects of our operations. By aligning with these standards, we ensure that our products meet the highest benchmarks of quality, safety, and sustainability. This alignment not only enhances our market competitiveness but also reinforces the trust of our customers, partners, and stakeholders.

Our rigorous quality control processes, continuous improvement initiatives, and compliance with relevant certifications underscore our dedication to maintaining superior product quality while upholding ethical and sustainable business practices. This strategic alignment with quality standards is central to our mission of delivering value and fostering long-term growth.

KPPLC's Quality Management System is designed to achieve our strategic objectives by incorporating several key components:

1. **Quality Planning:** We establish clear standards and procedures to guide our operations and ensure that all processes align with our quality goals. This involves setting quality targets, defining responsibilities, and outlining the methods to achieve and measure these targets.
2. **Quality Improvement:** Continuous improvement is a cornerstone of our approach. We regularly assess and refine our processes, incorporating feedback and best practices to enhance efficiency, reduce waste, and elevate the quality of our products and services.
3. **Quality Control:** To ensure consistency and reliability, we implement robust quality control measures. This includes rigorous testing, inspections, and monitoring throughout the production cycle to detect and address any deviations from established standards.
4. **Quality Assurance:** Our quality assurance framework involves systematic activities and audits to confirm that our quality management processes are effective and adhered to. This proactive approach helps prevent issues and maintain high standards of quality across all operations.

By integrating these components, KPPLC ensures that we consistently meet our quality objectives, deliver superior products, and maintain high levels of customer satisfaction while upholding our commitment to sustainable and ethical practices.

Sustainable Procurement Practices

At KPPLC, sustainable procurement is a cornerstone of our operational strategy, reflecting our commitment to environmental stewardship, social responsibility, and long-term economic viability. Our approach to sustainable procurement involves integrating sustainability criteria into every stage of the procurement process to ensure that our sourcing decisions support our broader corporate goals.

We strategically select suppliers based on their adherence to sustainability principles, including environmental impact, ethical labor practices, and resource efficiency. This ensures that our supply chain aligns with our values and sustainability objectives.

At the same time, our procurement practices focus on sourcing materials and products that promote resource efficiency, such as those with reduced environmental footprints or longer lifecycles. This reduces waste and supports the conservation of natural resources.

KPPLC is committed to continuously improving our procurement practices by regularly reviewing and updating our sustainability criteria. This helps us stay ahead of emerging trends and regulatory requirements while enhancing our overall sustainability performance. We engage with stakeholders, including suppliers, customers, and communities, to promote sustainability across the supply chain. This collaborative approach helps to drive collective progress towards shared sustainability goals.

By embedding sustainability into our procurement practices, KPPLC ensures that we not only achieve operational excellence but also contribute positively to environmental and social outcomes, reinforcing our position as a responsible and forward-thinking organization.

Product Responsibility & Stewardship

At KPPLC, product responsibility and stewardship are fundamental to our commitment to delivering high-quality, sustainable products while safeguarding the environment and promoting social well-being. Our approach encompasses the entire lifecycle of our products, from development and production to use and disposal, ensuring that we meet the highest standards of safety, quality, and environmental impact.

KPPLC adheres to rigorous quality and safety standards to ensure that our products meet or exceed regulatory requirements and industry best practices. This commitment helps us deliver reliable and safe products to our customers, fostering trust and confidence. On the other hand, Stakeholders, including customers, investors, and regulators, increasingly expect companies to demonstrate responsibility in their product management. Meeting these expectations helps us to build strong relationships and secure stakeholder support.

We actively manage the environmental impact of our products by implementing practices that reduce waste, conserve resources, and minimize emissions. This



includes optimizing production processes, using sustainable materials, and designing for recyclability. Our stewardship extends throughout the product lifecycle, including end-of-life management. We promote practices such as recycling and responsible disposal to ensure that products do not contribute to environmental degradation after their useful life.

We are committed to continuously improving our product responsibility practices by monitoring performance, gathering feedback, and implementing best practices. This approach helps us stay ahead of industry trends and enhance our product stewardship efforts.

Membership Organizations

Our membership organizations offer numerous benefits, including enhanced networking opportunities, access to industry insights, professional development, advocacy, and business growth. These relationships contribute to KPPLC's success by providing resources, support, and credibility, ultimately helping to achieve strategic objectives and maintain a competitive edge in the industry. As an industry leader and a committed corporate citizen, we have consistently upheld and nurtured our corporate relationships with key membership organizations. Our longstanding partnerships have been instrumental in enhancing our professional network and supporting our strategic objectives. Over the years, we have fostered a well-balanced and mutually beneficial relationship with several esteemed organizations, including:

- ◆ The Colombo Tea Traders Association (CTTA)
- ◆ The Planters Association of Ceylon (PA)
- ◆ The Employer's Federation of Ceylon (EFC)
- ◆ The Colombo Rubber Traders Association (CRTA)
- ◆ Plantation Human Development Trust (PHDT)
- ◆ The Rubber Research Institute of Sri Lanka (RRISL)
- ◆ Rubber Development Department (RDD)
- ◆ Sri Lanka Tea Board (SLTB)
- ◆ Spices & Allied Products Producers' & Traders' Association (SAPPTA)
- ◆ The Sri Lanka Society of Rubber Industry
- ◆ National Agribusiness Council (NAC)

Product Labeling

Product labeling for KPPLC is a fundamental aspect of our operations, ensuring that our products are transparently represented, compliant with regulations, and aligned with our commitment to quality and consumer safety. Product labeling involves

providing essential information about a product on its packaging. It serves as a critical tool for communicating details such as ingredients, usage instructions, safety warnings, and Company information. For KPPLC, effective product labeling is integral to maintaining transparency, ensuring regulatory compliance, and building consumer trust.

KPPLC's packaging operations are meticulously aligned with the standards and requirements set by the Colombo Tea Auctions and the Ceylon Tea Trade Association. This adherence ensures that our products meet the highest quality standards and are in full compliance with industry regulations.

Key Components of Compliance:

- ◆ **Estate Name:** The name of the estate where the tea was produced is clearly indicated on the packaging. This helps in tracing the origin of the tea and maintaining transparency about its source.
- ◆ **Garden Mark:** This mark represents the specific garden or plantation where the tea was cultivated. It serves as an important quality assurance indicator, reflecting the unique characteristics of the tea from that particular garden.
- ◆ **Grade:** The grade of the tea is prominently displayed, providing information about the quality and classification of the product. This helps consumers understand the quality and value of the tea they are purchasing.
- ◆ **Invoice Number:** Each package is assigned a unique invoice number, which facilitates accurate tracking and traceability of the product through the supply chain.
- ◆ **Gross and Net Weight:** Both the gross weight (total weight including packaging) and net weight (weight of the tea alone) are reported. This ensures clarity in product quantity and helps in maintaining consistency and accuracy in distribution.

Ethical Behavior

Business ethics encompass the moral principles guiding a Company's actions within the society it serves. These principles are crucial as corporate decisions and actions can significantly impact individuals' lives, positively or negatively. Unethical behavior can harm customers, employees, and the broader community, underscoring the importance of ethical conduct. KPPLC upholds ethical behavior through various practices and initiatives, ensuring that the Company operates with integrity, transparency, and respect for all stakeholders. Our Code of Conduct outlines the ethical standards and behavior

expected from employees, management, and stakeholders. Training sessions are conducted to ensure that all employees understand and adhere to these ethical guidelines.

We always promote transparency through open communication channels, enabling stakeholders to voice concerns and report unethical behavior. Strictly complies with all relevant local and international laws and regulations, ensuring that all our operations are conducted within legal boundaries. KPPLC integrates environmental sustainability into our operations, minimizing ecological footprint and promoting eco-friendly practices. The Company engages in community development and social responsibility initiatives, contributing positively to societal well-being.

Our commitment to conduct all business transactions fairly and honestly, avoiding deceptive practices and ensures fair dealings with all parties. We work with suppliers and partners who share their commitment to ethical standards, ensuring that the entire supply chain adheres to ethical practices. We always foster a respectful and inclusive workplace environment, free from discrimination, harassment, or exploitation. Accordingly, ensure fair and equitable compensation and benefits for employees, in line with industry standards and legal requirements.

Company Leadership including board of directors and corporate management sets the tone for ethical behavior by modeling integrity and ethical decision-making in their actions and decisions. KPPLC actively participates in CSR activities, supporting community projects and initiatives that align with its ethical values.

We regularly review and updates its ethical practices based on feedback, audits, and evolving best practices to ensure continuous improvement. We engage with stakeholders to understand their concerns and expectations, incorporating their feedback into its ethical practices. The Company benchmarks its ethical practices against industry standards and best practices to remain aligned with global ethical expectations.

By implementing these practices, KPPLC demonstrates its commitment to maintaining high ethical standards, ensuring that all operations and interactions are conducted with integrity and respect for all stakeholders. Ethical behavior is foundational to an organization's success and sustainability. It promotes trust, compliance, positive relationships, and long-term growth, ultimately contributing to the Company's overall effectiveness and reputation.

MANAGEMENT DISCUSSION & ANALYSIS

CERTIFICATIONS

EU & USDA - NOP Certification

Under EU & USDA NOP Certification, Organic products certified to the USDA organic or European Union (EU) organic standards may be sold and labeled as organic in both the U.S. and the EU. As a result of obtaining this globally recognized standard certification, KPPLC gained access to both economies with a single certification and reaped numerous benefits such as,



- Receive premium prices for the products
- Support local economies
- Market products to consumers
- Access fast-growing local, regional, and international markets
- Access additional funding and technical assistance

ISO 9001:2015 CERTIFICATION



ISO 9001's goal is to establish a practical and usable Quality Management System for Improving and monitoring all aspects of business. KPPLC will end up with a system that will Improve all aspects of the Company with the correct support and employee understanding. It is a tremendous honor and pride to emphasize that Kegalle Plantations PLC was the first regional plantations Company to receive ISO 9001: 2015 Certification In 2017.

ISO 22000: 2018 SYSTEM CERTIFICATION

In order to achieve our goals about customer comfort, health and safety and well-being, KPPLC got ISO 22000: 2018 System Certification - Food Safety Management System Certification for all Tea Manufacturing Factorles of the Company, Scope[1] Manufacturing of Black Tea. Food Sector (Dried Goods).



Ethical Tea Partnership



As a member of Ethical Tea Partnership (ETP), KPPLC has committed to the long-term sustainability of its employees in the plantation business. As an ethical producer, KPPLC adheres to worldwide social and environmental norms such as health and safety, agrochemical and environmental management, and worker fairness and equality. KPPLC established the Ethical Tea Partnership to keep up with the world's expanding tea obsession in a socially just and environmentally sustainable manner. Finally, we increase tea sustainability, our workers' and farmers' lives and livelihoods, and the environment in which tea is grown.

Rainforest Alliance Certification (RA)

Landowners benefit from Rainforest Alliance accreditation by producing better crops, adapting to climate change, increasing output, and lowering expenses. The objective of Rainforest Alliance certification is to make responsible business the new normal in order to build a better future for people and nature.

This indicates adherence to stringent worldwide standards, while also considering the well-being of its employees, families, and the environment. As a result, the Rainforest Alliance certification confirms that KPPLC meets the requirements of the Sustainable Agriculture Network (SAN), a global standard for organizations that meet stringent environmental conditions (ecosystems, wildlife, soil, and water), community relationships, and economic aspects such as integrated plant and waste management.



Forest Stewardship Council (FSC)

It is pleasure to highlight that FSC Certification is the most recent certification achieved by KPPLC during the last financial year. FSC certification provides significant economic benefits by opening up new markets, as well as social and environmental benefits to workers and local communities. FSC certifies forests worldwide to ensure that they satisfy the highest environmental and social standards. FSC certification greatly minimizes the danger of being presented with illegal timber and, as a result, the possibility of reputational damage. Furthermore, as they seek items that support sustainable forest management, national, regional, and local governments are increasingly referencing FSC as a way to comply with their public procurement policies.



Future sustainability Expectations

KPPLC is committed to advancing its sustainability agenda as part of its long-term strategy for growth and environmental stewardship. The Company's future sustainability goals are designed to ensure that its operations remain resilient, socially responsible, and environmentally conscious, aligning with global sustainability standards and practices.

The Company plans to expand its initiatives to protect and restore biodiversity in and around its plantations. This includes reforestation projects, habitat conservation, and sustainable land management practices. KPPLC is focused on further improving its water management systems, ensuring sustainable water use through the adoption of advanced irrigation technologies and rainwater harvesting.

KPPLC will continue to strengthen its relationship with local communities by investing in education, healthcare, and livelihood development initiatives. The goal is to empower communities and improve their quality of life. The Company is dedicated to fostering a safe, inclusive and supportive workplace. Our future goals include enhanced training programs and improved working conditions for all employees. KPPLC aims to ensure that its supply chain partners adhere to ethical practices, focusing on fair trade, labor rights, and human rights across its operations.

The Company will continue to prioritize sustainable procurement practices, sourcing materials that are certified, environmentally friendly, and socially responsible. KPPLC plans to implement circular economy principles by reducing waste, promoting recycling, and finding innovative ways to reuse by-products in its operations.

The Company will continue to pursue relevant certifications, such as ISO standards, Fair Trade, and organic certifications, to ensure that its practices meet the highest industry standards. KPPLC's long-term vision includes building resilience against climate change by integrating climate risk assessments into its strategic planning and investing in climate-smart agriculture.

These objectives reflect KPPLC's commitment to sustainability as a core component of its business strategy, ensuring that the Company grows responsibly while contributing positively to the environment, society, and economy.



CORPORATE GOVERNANCE

Corporate governance is the cornerstone of organizational success. It not only supports the Company's current operations but also lays the foundation for sustainable growth, ethical conduct, and long-term value creation. By fostering a culture of accountability, transparency, and integrity, corporate governance enables companies to build trust with stakeholders, achieve strategic objectives, and navigate the complexities of today's business environment.

Corporate governance ensures that the Company's leadership, including its board of directors and management, act in the best interests of shareholders and other stakeholders. Effective corporate governance balances the interests of the Company, its shareholders, and other stakeholders, leading to sustainable business practices and long-term value creation.

Our Corporate governance framework promotes long-term value creation rather than short-term gains. While short-term profits may boost share prices temporarily, sustainable growth and profitability are key to long-term shareholder wealth maximization. Our Governance practices that focus on sustainability, innovation, and strategic investments help ensure the Company's success over time.

The Board of Kegalle Plantations PLC supports and adheres to the expanded corporate governance disclosure requirements mandated by the Companies Act and the Colombo Stock Exchange (CSE) Listing Requirements. This commitment reflects the Company's dedication to upholding proper values and ethical behavior. The corporate governance statement is prepared in accordance with the Companies Act No. 07 of 2007 and the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission (SEC). This approach underscores the Board's emphasis on transparency, accountability, and long-term value creation for shareholders.

The Board's emphasis on strong Corporate Governance at KPPLC underscores the Company's dedication to responsible business practices. By setting the right tone from the top, KPPLC ensures that ethical standards are consistently upheld throughout the organization. The Company's core values are deeply embedded in its operations, aligning with its strategic objective of delivering long-term shareholder value.

Corporate Governance Framework



The KPPLC Board of Directors acknowledges that robust corporate governance, characterized by honesty, transparency, and professionalism, is essential for the Company's sustained growth and success. This commitment to governance ensures the protection and enhancement of shareholders' investments while safeguarding the interests of other stakeholders. Under the Board's oversight, decisions are made objectively and with careful consideration of diverse perspectives, ensuring that the best interests of the Company are always prioritized.

The Company is committed to enhancing corporate governance as a crucial element for fulfilling corporate social responsibilities and driving corporate value. Moving forward, KPPLC will continue to support initiatives aligned with the principles of the Governance Code, with the aim of further increasing the Company's value and ensuring sustainable growth.

The Board of Directors

The Board of Directors is central to corporate governance, tasked with ensuring that the Company operates with integrity, transparency, and in the best interests of all stakeholders. Their primary responsibilities include setting the strategic direction, developing policies to guide operations and ensure compliance, overseeing

financial accuracy, and managing risks. The Board also fosters ethical leadership, ensures the composition and performance of its members are optimal, and engages with stakeholders effectively. Additionally, it is responsible for maintaining legal compliance and overseeing executive management and succession planning.

Furthermore, the Board incorporates sustainability into the Company's strategy, addressing environmental, social, and governance (ESG) factors. By fulfilling these roles, the Board not only upholds high standards of governance but also enhances corporate value and supports the Company's long-term success.

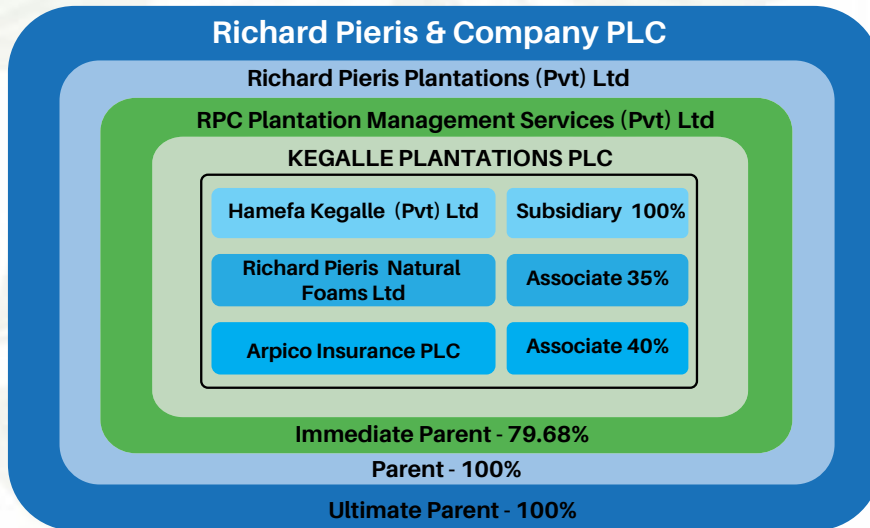
Corporate strategies and annual plans are presented to the Board to align with the Company's objectives and long-term goals, while adhering to its core values and vision. The Board's role is to oversee the governance of the organization and safeguard the interests of shareholders and stakeholders, rather than engaging in the day-to-day management of operations.

Our Board is composed of individuals with diverse skills, educational backgrounds, and global and industry experiences, providing a broad range of perspectives. This diversity enriches Board discussions



CORPORATE GOVERNANCE

Group Structure



and decision-making processes, ensuring robust and well-informed deliberations. By encouraging constructive feedback and critical input on agenda items, the Board fosters a culture of honesty and transparency, which is essential for achieving long-term benefits for our stakeholders and advancing the Company's strategic goals.

The Board plays a crucial role in guiding the Company towards achieving KPPLC's value-driven strategic objectives. It is committed to delivering accurate and reliable financial and non-financial reporting while fostering strong and constructive engagement with stakeholders. In alignment with best practices in transparency and disclosure, the Board ensures that the Company adheres to rigorous internal and external assurance and governance procedures, safeguarding the interests of the public and other stakeholders.

The Board of Directors is pleased to report that the Company complies with the rules on Corporate Governance, included in the Listing Rules of the Colombo Stock Exchange (CSE), and is guided by the principles included in the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. KPPLC's disclosures of corporate governance structure and processes in this report have been authorized by the Board.

The Composition of the Board

Name of the Director	Position	Executive	Non-Executive	Independent	Appointment to the Board
Dr. Sena Yaddehige	Chairman	-	✓	-	January - 2003
Prof. R C W M R A Nugawela	Independent	-	✓	✓	May - 2008
Dr. S S B D G Jayawardena	Non-Executive Director	-	✓	✓	August - 2010
Mr. Shaminda Yaddehige	Independent	-	✓	-	March - 2016
Mr. J L A Fernando (Ceased to be a Director w.e.f. 05 July 2024)	Non-Executive Director	-	✓	-	February - 2021

Two of the Board's five members are independent directors. The Board believes that

the Independent Directors contributed objective and impartial judgment to the Board's deliberations and conclusions. The Board is robust and independent, with independent Directors constructively criticizing and aiding in the development of strategic recommendations.

The Board comprises five Directors, of which all Directors are Non-Executive Directors. Non-executive directors (NEDs) are vital to corporate governance, providing independent oversight and strategic guidance to the board. They are not involved in day-to-day operations but ensure the Company is managed in the best interests of shareholders and stakeholders. NEDs contribute to strategy formulation, risk management, governance, and compliance, while also monitoring the performance of executive directors. Their independence, diverse expertise, and role in board committees enhance the board's objectivity, credibility, and decision-making. NEDs act as a critical check on executive power and help maintain a long-term focus, contributing significantly to the Company's success.

The Independent Non-Executive Directors play a critical role in giving objectivity to the Board's decisions. They give independent judgment, experience, and objectivity without regard for operational concerns. They contribute to ensuring that all stakeholders' interests are considered and that the Board considers relevant matters objectively and impartially.

On pages 08 and 09, there are brief biographies of the Directors.

In accordance with CSE listing rules as well as code of best practice on Corporate Governance, All Non-Executive Directors are required to assess their level of independence annually. The Board remains committed to upholding integrity, fairness, and transparency, with a strict zero-tolerance policy towards corruption. Guided by our Organizational Principles, KPPLC's corporate culture is dedicated to fostering development and making positive contributions to the communities in which we operate.

The Board met three occasions during the year under review. The CSE Listing Rules require listed companies to maintain



high standards of governance, including regular board meetings. These meetings are essential for monitoring the Company's performance, ensuring compliance with legal and regulatory requirements, and making critical decisions that affect stakeholders. By meeting three times during the year, the Board demonstrated its commitment to these standards, ensuring timely and effective decision-making. The Code also highlights the importance of directors being fully informed and prepared for these meetings, ensuring that discussions are robust and decisions are made in the best interests of the Company and its stakeholders. By meeting on three occasions, the Board complied with these governance expectations, demonstrating its proactive approach to fulfilling its fiduciary duties and maintaining the highest standards of corporate governance.

Before convening its three meetings during the year under review, the Board of KPPLC ensured compliance with the relevant requirements of the Colombo Stock Exchange (CSE) Listing Rules and the Code of Best Practice on Corporate Governance. These standards mandate that companies prepare adequately for board meetings, including the dissemination of comprehensive meeting materials and the confirmation that directors are well-informed and equipped to make decisions. By adhering to these requirements, KPPLC reinforced its commitment to sound corporate governance practices.

Before convening meetings during the year under review, the Board of KPPLC ensured full compliance with the Colombo Stock Exchange (CSE) Listing Rules and the Code of Best Practice on Corporate Governance. These standards require adequate preparation for board meetings, including the timely dissemination of comprehensive materials to ensure that Directors are well-informed and equipped to make decisions. To facilitate this, KPPLC provided all essential administrative information and agenda items in advance, along with detailed documentation on the Company's operations, new investments, key projects, and other matters requiring Board approval. This approach reinforced KPPLC's commitment to sound corporate

governance practices and enabled Directors to participate fully and make informed decisions. A separate information memorandum is provided for official fees at each Board Meeting.

The Board of Directors at KPPLC is integral to both governance and strategic direction. In governance, the Board ensures the Company adheres to its values, policies, and regulatory requirements, overseeing executive management for accountability and compliance. They are responsible for policy development, risk management, and ensuring legal and regulatory compliance. In setting strategic direction, the Board formulates and approves long-term goals and objectives, working closely with executive management to define strategic priorities. They monitor Company performance, allocate resources effectively, and make critical decisions on major investments and transactions. Additionally, the Board oversees leadership appointments and succession planning, ensuring the Company's continued alignment with its vision and objectives.

The separation of the Chairman's and CEO's roles at KPPLC is a fundamental element of its corporate governance framework, promoting a balanced distribution of power and authority. This separation mitigates the risk of power concentration, enhances oversight and accountability, and prevents conflicts of interest by clearly defining each role's responsibilities. The Chairman focuses on governance and board leadership, while the CEO manages daily operations and strategic execution. This division supports informed decision-making, aligns with best practices in corporate governance, and fosters effective board dynamics. Overall, it ensures robust governance, supports strategic alignment, and contributes to the Company's long-term success.

KPPLC ensures openness and accountability to key stakeholders, which supports the organization's sustainable achievement of its aims and objectives. The Board adheres to the principle that separating governance from management enhances both effectiveness and efficiency. Management regularly collaborates with

Non-Executive Directors, providing updates on the Company's activities. They are held accountable to the Board for their performance, focusing on the long-term prosperity of the organization.

The financial management is overseen by the Group Chief Financial Officer and the Financial Controller, who join board meetings by invitation for financial discussions. Additionally, the Board has access to independent expert counsel when needed for informed decision-making.

The Finance role is delegated to the Group Chief Financial Officer and the Financial Controller, who attends board meetings by invitation when financial concerns are discussed. When it is judged important for decision making, the Board of Directors has access to independent expert counsel.

The main functions of the Board are to:

- ◇ Direct the Company's Business and Affairs: Oversee the overall direction and management of the Company, ensuring alignment with its objectives and strategies.
- ◇ Formulate and Monitor Strategies: Develop both short-term and long-term strategies as a foundation for the Company's operational plans and monitor their implementation to achieve desired outcomes.
- ◇ Report to Shareholders: Provide regular updates on the Company's performance and stewardship to shareholders, ensuring transparency and accountability.
- ◇ Identify and Manage Risks: Recognize the principal risks facing the business and ensure the establishment of effective risk management systems.
- ◇ Ensure Effective Internal Controls: Implement and oversee internal control systems to safeguard the Company's assets and ensure operational effectiveness.
- ◇ Approve Budgets and Review Performance: Sanction the annual capital and operating budgets, and review performance against these budgets to ensure financial targets are met.



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- ◆ Approve Financial Statements: Review and approve the interim and final Financial Statements of the Company to ensure accuracy and compliance.
- ◆ Determine and Recommend Dividends: Decide on interim and final dividend distributions and recommend them to shareholders for approval.
- ◆ Ensure Legal and Regulatory Compliance: Oversee the Company's adherence to applicable laws and regulations, maintaining compliance across all operations.
- ◆ Sanction Major Contracts and Projects: Approve significant contracts, acquisitions, asset disposals, and capital projects, ensuring they align with the Company's strategic goals.

The independence of directors is crucial for aligning management's interests with those of shareholders and enhancing the quality of decision-making. At KPPLC, all independent directors have no direct or indirect ties to the Company, ensuring their impartiality. They are required to make an annual declaration in compliance with the Colombo Stock Exchange regulations.

The diverse expertise and experience of these independent directors—spanning commercial, corporate, and financial fields—provide the Board with valuable, unbiased perspectives. Meetings among independent directors, who do not hold management roles, are encouraged by the Board to foster greater transparency in evaluating management performance. Any ideas or recommendations emerging from these independent director meetings are subsequently communicated to

management, ensuring that they are considered in the Company's strategic and operational decisions

The Chairman

At KPPLC, the Chairman is instrumental in guiding the Board, emphasizing strategic issues, and overseeing business activities while ensuring strong governance standards. This role is crucial for the success of both the Board and individual Directors, encompassing responsibilities both within and outside the boardroom. The Chairman's key duties include directing the Board's focus on strategic priorities and upholding effective governance practices. They play a vital role in establishing and maintaining communication with Association Members, acting as a key liaison for the CEO, and representing the Company in external engagements.

Additionally, the Chairman ensures the Board receives accurate, timely, and clear information, supported by the Company Secretary. By understanding the Company, its culture, and the broader industry, the Chairman can anticipate opportunities and threats, facilitating proactive planning and strategic decision-making. Collaborative engagement with Board members to explore strategies and address emerging challenges further enhances the effectiveness of governance. An exceptional Chairman at KPPLC combines a profound understanding of the Company and industry with strategic foresight, driving effective governance and strategic planning.

As Chairman of the Board, Dr. Sena

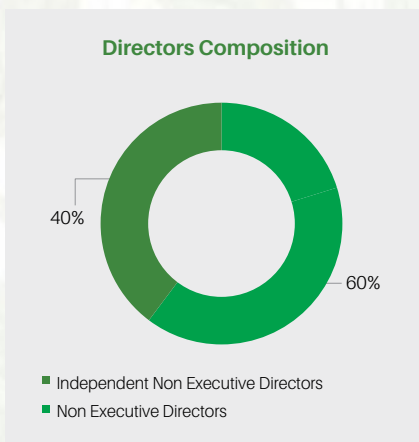
Yaddehige provides essential leadership and governance, creating the conditions necessary for the overall effectiveness of the Board and its individual Directors. He ensures that all significant issues are addressed by the Board in a timely manner. Supported by the Board, management, and the Company Secretary, Dr. Yaddehige leads KPPLC's efforts to uphold high standards of corporate governance. Dr. Yaddehige is responsible for overseeing the Company's commercial, operational, and strategic development. He is assisted by an Executive Management Committee, which includes Executive Directors and Heads of Strategic Business Units (SBUs) from the Ultimate Parent Company.

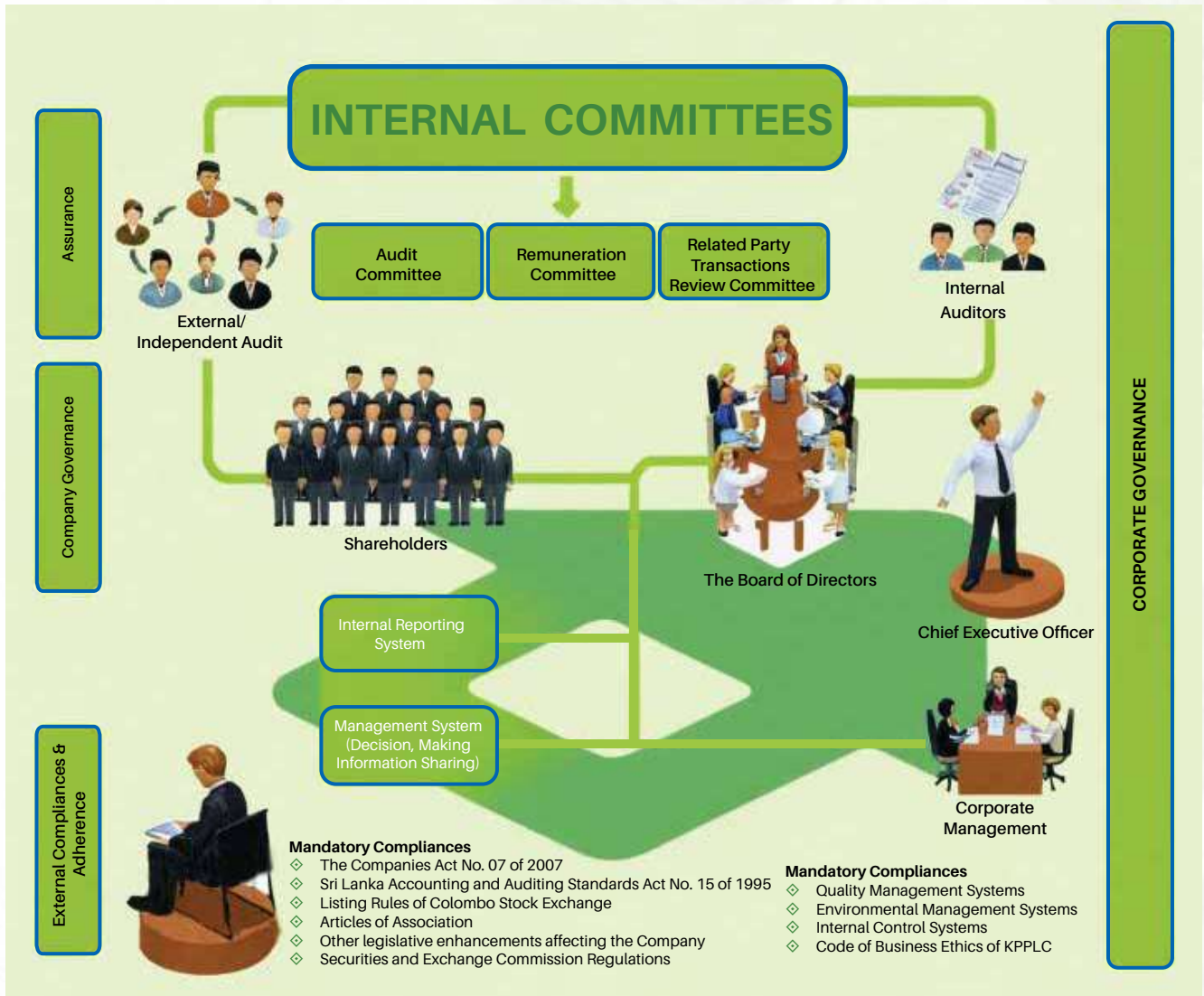
Sub Committees of the Board

At KPPLC, Board Committees are integral to fulfilling the Board's statutory and fiduciary duties, with a strong emphasis on independent risk management and internal control oversight. These Committees are structured to allow the Board to focus on broader strategic and governance issues.

Each Committee operates under a defined Terms of Reference, which outlines its objectives, scope, duties, and accountability. This framework ensures clear expectations and guides the Committees in their roles. Committees provide recommendations to the full Board, which retains the ultimate decision-making authority.

Board sub-committees enhance the Board's efficiency and effectiveness by offering specialized oversight in areas such as audit, remuneration, and risk management.





This specialization enables a thorough examination of critical issues, which might otherwise be impractical during full Board meetings. By delegating detailed tasks to these Committees, KPPLC streamlines decision-making, allowing the full Board to concentrate on strategic matters. Additionally, the Committees play a vital role in upholding governance standards, ensuring regulatory compliance, and proactively managing risks. Their expertise supports more informed decision-making and reinforces KPPLC's commitment to high standards of corporate governance.

Audit Committee

Kegalle Plantations PLC is one of the Group Companies of the Richard Pieris & Company PLC. Richard Pieris & Company is also the majority shareholder and as such the Group Audit Committee acts as the Audit Committee of the Company. Audit Committee Report on Page 40 describes the activities carried out during the Financial Year.

The Chairman of Audit Committee is Mr. J.F. Fernandopulle, an Independent Non-Executive Director of the Richard Pieris & Company PLC, the Ultimate Parent Company.

At Kegalle Plantations PLC (KPPLC), the Audit Committee plays a crucial role

in overseeing financial reporting, risk management, and internal controls. It ensures the accuracy and compliance of financial statements by reviewing both interim and annual reports before they are submitted to the Board and shareholders. The Committee also interacts with external auditors to discuss audit scopes and findings, maintaining auditor independence and objectivity.

Additionally, the Audit Committee evaluates the effectiveness of KPPLC's risk management frameworks and internal control systems to protect against fraud and regulatory non-compliance. It ensures regulatory adherence by reviewing compliance reports and overseeing the internal audit function, including



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approving audit plans and reviewing financial controls. By reporting its findings and recommendations to the Board, the Committee supports informed decision-making and maintains high standards of accountability and transparency within the Company.

Remuneration Committee

At Kegalle Plantations PLC (KPPLC), the Remuneration Committee plays a vital role in overseeing and managing the Company's compensation practices to ensure they align with its strategic objectives and performance goals.

The Committee ensures compliance with legal and regulatory requirements, monitoring adherence to remuneration policies and making recommendations for improvements as needed. It also oversees the transparency of compensation practices by ensuring detailed disclosure in the annual report and communicating remuneration strategies and decisions to stakeholders.

Through these activities, the Remuneration Committee at KPPLC ensures that compensation practices are equitable, transparent, and aligned with the Company's strategic goals, supporting a performance-driven culture and long-term success. Page 41 contains the Remuneration Committee's Report, which summarizes its primary actions.

Related Party Transactions Review Committee

At Kegalle Plantations PLC (KPPLC), the Related Party Transactions Review Committee plays a crucial role in overseeing transactions involving related parties to ensure fairness, transparency, and compliance with legal and regulatory standards. The Committee is responsible for evaluating and approving related party transactions, ensuring they are conducted at arm's length and on fair terms. This involves assessing the nature, terms, and pricing of transactions to prevent conflicts of interest and align them with Company policies.

The Committee also ensures regulatory compliance by reviewing adherence to relevant laws and accounting standards, including disclosure requirements. It monitors ongoing transactions to confirm they meet approved conditions and addresses any amendments or modifications. Transparency is maintained through appropriate disclosure in financial statements and annual reports, and the Committee reports its findings to the Board of Directors. Additionally, the Committee manages potential conflicts of interest by implementing measures to mitigate undue influence or favouritism, safeguarding the interests of KPPLC and its shareholders.

The Report of the Related Party Transactions Review Committee is on Page 42 highlights its main activities.

Committee Chairman/Member	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. J. F. Fernandopulle	Chairman	Member	Member
Dr. Jayatissa De Costa P.C.	Member	Chairman	Chairman
Mr. Prasanna Fernando	Member	Member	Member

Chief Executive Officer (Acting)

At Kegalle Plantations PLC (KPPLC), the CEO is integral to upholding corporate governance standards in line with the Colombo Stock Exchange (CSE) listing rules and the Code of Best Practice on Corporate Governance. The CEO's primary responsibility is to manage the Company's daily operations in alignment with the strategic objectives set by the Board. This includes executing Board strategies, providing accurate performance reports, and ensuring that all Company activities support the Board's goals. Transparency in performance reporting is crucial for enabling informed decision-making by the Board.

Additionally, the CEO plays a key role in ensuring regulatory compliance and fostering a culture of ethical behavior within the organization. By maintaining robust internal controls and promoting adherence to the Company's code of conduct, the CEO upholds legal and ethical standards. The role also involves close collaboration with the Board, offering necessary information, preparing meeting agendas, and executing Board decisions. Effective stakeholder management, including engagement with shareholders, employees, and regulatory bodies, further reinforces the CEO's role in maintaining transparency, accountability, and effective governance at KPPLC.

Mr. Prins Gunasekara appointed as the Chief Executive Officer of the Company with effect from 15th February 2021. Mr. Prins Gunasekara does not hold any shares in the Company to date. He brings extensive industry expertise and market understanding, aiding in shaping the Company's strategic direction. The CEO plays a pivotal role in making decisions related to operations, performance, and strategy, except for matters reserved for the Board or assigned to Board Committees. With the support of the management team, he ensures that the Company's actions align with its strategic objectives.

Company Secretary

Richard Pieris Group Services (Pvt) Ltd serves as the Company's Secretariat and is present at all board meetings. At KPPLC, the Company Secretary plays a vital role in ensuring the effective implementation of corporate governance practices as outlined by the Colombo Stock Exchange (CSE) listing rules and the Code of Best Practice on Corporate Governance. The Company Secretary is responsible for advising the Board on governance matters, ensuring compliance with statutory and regulatory requirements, and supporting the Board's function and decision-making processes.

Key responsibilities include organizing and documenting Board and Committee meetings, ensuring that Directors receive accurate and timely information to make informed decisions.



The Company Secretary also oversees the proper maintenance of Company records, compliance with disclosure obligations, and the facilitation of communication between the Board and stakeholders.

By fulfilling these duties, the Company Secretary helps maintain high standards of transparency, accountability, and integrity within KPPLC's governance framework, ensuring that the Company operates in line with best practices and regulatory expectations.

All Directors have access to the advice and services of the Company Secretaries, whose appointment and removal is a matter for the Board, to whom the Company Secretaries are directly accountable. The Company secretary serves as a vital link between the board of directors, the business's shareholders, and Companies House, ensuring that the Company is directed and controlled in line with a set of policies, procedures, processes, and rules.

Relationship with Shareholders

By adhering to high standards of corporate governance, KPPLC ensures that the interests of shareholders are safeguarded and that their investments are managed responsibly. Effective governance structures and practices provide a framework for accountability, transparency, and ethical decision-making, which are essential for maintaining trust between the Company and its shareholders.

As a well-governed Company KPPLC regularly engages with shareholders, offering clear and consistent communication about the Company's performance, strategy, and future direction. Our relationship is further strengthened by providing shareholders with opportunities to participate in key decisions, such as through voting at annual general meetings and other shareholder forums. The disclosures in the Annual Report, along with announcements and quarterly financial statements, offer shareholders and the investing public a comprehensive and periodic overview of KPPLC's performance and activities. These communications ensure transparency by keeping stakeholders informed about the Company's financial health, strategic initiatives, and operational progress.

By providing regular updates, KPPLC reinforces its commitment to accountability and fosters confidence among investors and the broader market.

By maintaining an open and constructive dialogue, we could align our actions with the expectations and interests of our shareholders, ultimately contributing to long-term value creation and sustainable growth.

Internal Controls

Internal controls are essential for ensuring that KPPLC operates efficiently, complies with legal and regulatory requirements, and safeguards its assets. Effective internal controls support the integrity and accuracy of financial reporting, thereby enhancing transparency and accountability.

The impact of strong internal controls on corporate governance at KPPLC is significant. They provide the Board and management with the assurance that the Company's operations are conducted in a controlled and ethical manner, reducing the risk of errors, fraud, and inefficiencies. This, in turn, strengthens the Company's governance framework, ensuring that strategic objectives are met and stakeholder interests are protected.

By prioritizing internal controls, KPPLC not only upholds high standards of corporate governance but also reinforces investor confidence and contributes to the Company's long-term sustainability and success.

The Board evaluated the adequacy and effectiveness of the Company's internal controls and risk management systems through quarterly updates and consultations with external auditors. The Board received assurance from the CEO and CFO regarding the accurate maintenance of financial records and statements, which reflect a true and fair view of the Company's operations and finances. Additionally, the CEO and auditors confirmed the implementation of adequate and effective risk management and internal control systems to protect stakeholders' interests. The Company's risk management strategies are detailed in the Risk Management report, found on pages 43 to 48.

Internal Audit Function

The internal audit function is integral to KPPLC's corporate governance framework, offering independent assurance that the Company's risk management, governance, and internal control processes are functioning effectively. By ensuring that policies, procedures, and controls are well-designed and properly implemented, the internal audit team strengthens the Company's control environment, reducing the likelihood of errors, fraud, and inefficiencies.

Moreover, the internal audit function enhances accountability and transparency across all levels of management by regularly reviewing and assessing the Company's operations. This ongoing evaluation helps maintain the accuracy and integrity of financial reporting and supports informed decision-making. Additionally, the internal audit team plays a vital role in risk management by identifying potential risks and assessing the effectiveness of existing strategies, allowing KPPLC to proactively address challenges that could impact its performance and reputation.

Furthermore, the function facilitates continuous improvement by providing recommendations to enhance processes and controls, thereby boosting the Company's operational efficiency and effectiveness. The Internal Audit Division of Richard Peiris Group Company is an independent unit that operates separately from the Company's business and corporate activities. It is responsible for conducting internal audits in line with professional practice guidelines and standards. Reporting directly to the Chairman, the division regularly assesses the effectiveness of the internal control system across the organization. The Audit Committee first reviews the findings, and any significant issues are then reported to the Board. The Board has reviewed the existing internal control procedures and is satisfied with their effectiveness.

In summary, the internal audit function is a cornerstone of strong corporate governance at KPPLC, reinforcing the Board's oversight role and ensuring that the Company operates with integrity, efficiency, and accountability.



CORPORATE GOVERNANCE

Relationship with Other Stakeholders

KPPLC values its relationship with all stakeholders, recognizing that maintaining strong and positive interactions is vital to the Company's long-term success. The Company engages with a wide range of stakeholders, including employees, customers, suppliers, local communities, and regulatory bodies. By fostering open communication and collaboration, KPPLC ensures that stakeholder interests are considered in decision-making processes, promoting trust and transparency.

The Company is committed to understanding and addressing the needs and concerns of its stakeholders, which helps build mutually beneficial relationships and supports the achievement of its sustainability and business objectives. Through regular engagement, KPPLC aims to create shared value and contribute positively to the social, economic, and environmental well-being of the communities in which it operates.

KPPLC understands the significance of maintaining strong relationships with key stakeholders, recognizing that these relationships are vital for sustainable success. The Company addresses rapidly changing opportunities and risks related to the environment, communities, and stakeholders through formal management processes, a transparent work culture, and strategic partnerships. The Board ensures that stakeholder engagement is integral to the Company's strategy, maintaining open communication channels and transparency to address stakeholder concerns. This two-way communication is essential for aligning the Company's objectives with the interests of investors, employees, policymakers, suppliers, and the community, ensuring long-term value creation even in challenging times.

Compliance

The Company Secretary supports the Board and its Committees by documenting meeting minutes, ensuring compliance with Board procedures and statutory requirements, and assisting in the implementation and enhancement of corporate governance policies and processes.

The Board places significant importance on robust internal compliance procedures. The Company's Financial Statements are prepared in strict adherence to Sri Lanka Accounting Standards (LKAS and SLFRS) and other statutory regulations. These statements are published quarterly in accordance with the Listing Rules of the Colombo Stock Exchange, ensuring that all significant developments are communicated to shareholders. To the best of their knowledge and belief, the Board of Directors affirms that all statutory payments have been made to date.

Financial Reporting

- ◆ Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs)
- ◆ Sri Lanka Accounting Standards (LKASs) promulgated by The Institute of Chartered Accountants of Sri Lanka (ICASL)
- ◆ Companies Act No. 07 of 2007

Corporate Governance Reporting

- ◆ Listing Rules of Colombo Stock Exchange (CSE)
- ◆ Code of Best Practices on Corporate Governance issued jointly by ICASL and SEC

Assurance

- ◆ Sri Lanka Auditing Standards (SLAUSs)
- ◆ Ernst & Young - External Auditors
- ◆ Internal Audit Division

Going Concern

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and maximize shareholder value. In preparing the financial statements, management is responsible for evaluating the Company's ability to continue as a going concern. This includes disclosing any relevant issues related to the going concern assumption and using this basis of accounting unless management either intends to liquidate the Company, cease operations, or has no realistic alternative. The Directors have confirmed the use of the going concern basis in the preparation of the financial statements after a thorough review of KPPLC's financial position and cash flow status. The Board of Directors is confident that the Company has sufficient resources to continue its operations for the foreseeable future.

**Disclosures required by the Companies Act No. 07 of 2007;**

Section Reference	Requirement	Annual Report Reference (Page/s)
168 (1) (a)	The nature of the business together with any change thereof during the accounting period	64
168 (1) (b)	Signed Financial Statements for the accounting period completed	58-63
168 (1) (c)	Auditors' Report on Financial Statements	55-57
168 (1) (d)	Accounting Policies and any changes therein	64-78
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	52
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	83
168 (1) (g)	Corporate donations made by the Company during the accounting period	51
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	95
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	53, 83
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	53
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	50-53

Corporate Governance Requirements listed under Section 7 of the Listing Rules issued by the Colombo Stock Exchange (CSE);

CSE Section Reference	Requirement	Status of Kegalle Plantations PLC
7.6 (vii)	Details of material issues pertaining to employees & industrial relations of the entity.	In Compliance
7.10.1 (a) to (c)	Non-Executive Directors	In Compliance
7.10.2 (a) to (b)	Independent Directors	In Compliance
7.10.3	Disclosures relating to Directors	In Compliance
7.10.4	Criteria for defining "Independence"	In Compliance
7.10.5	Remuneration Committee	In Compliance
7.10.6	Audit Committee	In Compliance
7.13	Rules on Minimum Public Holding	In Compliance

Corporate Governance Requirements under Section 9 of the Listing Rules issued by the Colombo Stock Exchange

The corporate governance requirements applicable to listed entities were revised during the FY 2023/24 with effect from 01 October 2023. The status of compliance for the salient amendments of revised requirements is as follows,

Rule	Rule	Effective date of implementation	Status of compliance
9.2	Policies to be established	October 2024	Will be complied before the effective date
9.3, 9.11, 9.12, 9.13, 9.14	Sub - committee Composition and Chairmanship and Disclosures	October 2024	Partially complied and will be fully complied before the effective date
9.6	Chairperson and CEO Duality	October 2023	Complied
9.7	Fitness and Proprietary of Directors and CEO	April 2024	Complied
9.8.1	Board Composition	October 2024	Will be complied before the effective date
9.8.2	Minimum Number of Independent Directors	October 2024	Complied
9.8.3	Enhancements to the Independence Criteria	October 2024	Will be complied before the effective date
9.13.4, 9.13.5	Enhances Functions and Disclosures in the Annual Report relating to the Audit Committee	October 2024	Complied
9.14.2	Composition of Related Party Transactions Review Committee	April 2024	Complied



REPORT OF THE AUDIT COMMITTEE

The Audit Committee Charter, approved by the Board of Directors defines the purpose, authority, composition, meeting, and responsibilities of the Committee.

Purpose

The purpose of the Audit Committee is to:

1. Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
2. Review the system of internal controls and risk management.
3. Monitor and evaluate the effectiveness of the internal audit function.
4. Review the Company's process for monitoring compliance with laws and regulations.
5. Review the independence and performance of the external auditors.
6. To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.

Members

The Audit Committee consisted of three Independent Non-Executive Directors of the Richard Pieris & Company PLC, the Ultimate Parent Company, namely Dr. Jayatissa De Costa and Mr. Prasanna Fernando and a Non-Executive Director, the Chairman of the Committee, Mr. J. F. Fernandopulle. The Chairman of the Committee is a Senior Chartered Accountant. The Company Secretary functions as Secretary to the Audit Committee.

The principal activities of the Committee are detailed below;

Meetings

The Audit Committee held five meetings during the year under review and reviewed the process to assess the effectiveness of the internal control system to provide reasonable assurance that assets are safeguarded, and financial reporting system can be relied upon.

Name of Committee Member	31-May 2023	14-August 2023	25-August 2023	14-November 2023	13-February 2023
Mr. J. F. Fernandopulle	√	√	√	√	√
Dr. Jayatissa De Costa	√	√	x	√	√
Mr. Prasanna Fernando	√	√	√	√	√

The Group Head of Finance, Chief Executive Officer, Financial Controller, Senior Accountant and Group Internal Audit Manager were invited if deemed necessary for audit committee meetings. Meetings were held with the external auditors regarding the scope and the conduct of the annual audits.

Internal Audit and Risk Management

The Internal Audit Programme was reviewed by the Committee to ensure that it covered the major operational aspects of the Company.

The Group Internal Audit Manager was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits and investigations carried out by his department for the period. The responses from the Chief Executive Officer of the Company to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

The Committee also had the responsibility to review the loss-making Estates of the Company and strategies for turning round these Estates and recommending suitable corrective action.

Internal Controls

During its meetings, the Committee reviewed the adequacy and effectiveness of the internal control systems and the Company's approach to its exposure to the business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of Financial Statements. A comprehensive Management Report and Accounts are produced at every month end highlighting all key performance criteria pertaining to the Kegalle Plantations PLC and its Subsidiary which is reviewed by the Senior Management on a monthly basis.

Board of Directors review performance on a quarterly basis or more often, if required.

Financial Statements

The Committee reviewed the Company's Quarterly Financial Statements, the Annual Report and Accounts for reliability, consistency and compliance with the Sri Lanka Financial Reporting Standards and other statutory requirements, including the Companies Act, No 7 of 2007, prior to issuance. It also reviewed the adequacy of disclosure in the published Financial Statements.

External Auditors

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

The Committee reviewed the Management Letters issued by the External Auditors, the Management response thereto and also attended to matters specifically addressed to them. The external auditors kept the Audit Committee informed on an on-going basis of all matters of significance. The Committee met with the Auditors and discussed issues arising from the audit and corrective action taken where necessary.

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31 March, 2024 subject to the approval of the shareholders at the next Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the control environment prevailing in the organization provides reasonable assurance regarding the reliability of the financial reporting of the Company, the assets are safeguarded and that the Listing Rules of the Colombo Stock Exchange have been complied with.

J. F. Fernandopulle
Chairman of the Audit Committee

28 August 2024



REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Ultimate Parent Company acted as the Remuneration Committee of Kegalle Plantations PLC.

Members

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of three independent Non-Executive Directors of the Richard Pieris & Company PLC, Dr. Jayatissa De Costa P.C., Mr. J. F. Fernandopulle and Mr. Prasanna Fernando. The Committee is chaired by Dr. Jayatissa De Costa.

Meetings

The Committee met on several occasions during the financial year.

Purpose

The Remuneration Committee has reviewed and recommended the following to the Board of Directors:

1. Policy on remuneration of the Executive Staff.
2. Specific remuneration package for the Executive Directors.

In a highly competitive environment attracting and retaining high calibre executives is a key challenge faced by the Company. In this context, the Committee took into account, competition, market information and business performance in declaring the overall remuneration policy of the Company.

Remuneration Policy

The remuneration policy of the Company is formulated to attract and retain key talent and motivate them to develop and implement the business strategy in order to optimize stakeholder value. The scope of the Committee covers the determination of the compensation of the senior management and to lay down guidelines for the compensation structure of the management staff of the Company. In its decision-making process necessary information and recommendations are obtained from the Senior Management, where necessary.

Dr. Jayatissa De Costa P. C.
Chairman - Remuneration Committee

28 August 2024



REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee of the Ultimate Parent Company acted as the Related Party Transactions Review Committee of Kegalle Plantations PLC.

Members

The Committee consists of Three Independent Non-Executive Directors namely its' Chairman Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando and Mr. J. F. Fernandopulle of the Ultimate Parent Company.

The Group Head of Finance, Chief Executive Officer, and Financial Controller attended meetings by invitation. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

Purpose

The Objectives of the Committee,

- ◇ To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Kegalle Plantations PLC is carried out and disclosed in a manner consistent with the CSE listing rules.
- ◇ To advise and update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- ◇ To ensure compliance with the CSE listing rules on the Related Party Transactions.
- ◇ To review policies and procedures of Related Party Transactions of Richard Pieris Group.
- ◇ To ensure shareholder interests are protected and that fairness and transparency are maintained.

The Committee articulated and recommended a policy framework for adoption on Related Party Transactions for the Company. In such process the committee considered Related Party

Transactions which require approval of the Board of Directors, various thresholds set out by the Colombo Stock Exchange listing rules and disclosure requirements, etc.

Further, processes were introduced across the Richard Pieris Group to obtain annual disclosures from all KMPs.

Meetings

The Committee held four meetings during the period under review on following days,

Name of Committee Member	31-May 2023	25-August 2023	14-November 2023	13-February 2023
Dr. Jayatissa De Costa	√	x	√	√
Mr. J. F. Fernandopulle	√	√	√	√
Mr. Prasanna Fernando	√	√	√	√

The activities and views of the Committee have been communicated to the Board of Directors through verbal briefings, and by tabling the minutes of the Committee meetings.

Related Party Transactions during the year 2023/24

Details of the related party transactions entered into by the Company/Group are disclosed on page 111.

Declaration

Refer: Annual Report of the Board of Directors on the Affairs of the Company, Pages 50 to 53 for the declaration by the Board of Directors that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during 2023/24, except what was disclosed in the note no. 37.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in note no. 37 to the Financial Statements given in Pages 111 to 112 to this report.

Dr. Jayatissa De Costa P. C.
Chairman - Related Party Transactions Review Committee

28 August 2024



RISK MANAGEMENT

At KPPLC, risk management is integral to our strategy, ensuring the Company remains resilient and sustainable in a dynamic environment. We have developed a comprehensive risk management framework that identifies, evaluates, and mitigates risks across our operations, safeguarding our long-term objectives. The Board of Directors provides oversight, ensuring that risks are managed proactively, and that the Company's approach aligns with our commitment to ethical conduct, regulatory compliance, and value creation. Our framework addresses environmental, operational, financial, and reputational risks, enabling us to respond effectively to emerging challenges and opportunities, thus securing the interests of our stakeholders.

At KPPLC, we are committed to fostering a risk-aware culture and embedding risk considerations into our strategic decision-making process. Our comprehensive risk management strategy is designed to mitigate potential threats to our Company while simultaneously maintaining our competitive edge. This approach ensures that we remain resilient and adaptive, turning risks into opportunities for sustainable growth and success. KPPLC is committed to proactively and effectively managing all risks, recognizing the need for thorough analysis to support informed decision-making within the Company. A unified approach to risk analysis and management is embedded in KPPLC's Risk Management Standard and Framework. This approach not only focuses on managing internal risks but also emphasizes the proactive identification and management of external risks that could impact the achievement of the Company's strategies and objectives. Additionally, KPPLC is devoted to safeguarding the interests of all stakeholders during crises or emergencies. Therefore, Business Continuity Management is a key component of our strategy, ensuring that the Company can maintain operations with minimal disruption to stakeholders in the event of an interruption.

KPPLC's Risk Management Framework is built on a robust governance structure that clearly defines the roles and responsibilities of the Board, management, and internal

audit functions. Our framework follows a systematic process of risk identification, assessment, mitigation, monitoring, and reporting, ensuring a holistic approach to risk management. The framework is designed to be flexible and responsive to emerging risks while maintaining alignment with the Company's strategic objectives. KPPLC's robust governance framework is the cornerstone of its commitment to accountability and informed decision-making, ultimately driving the creation of long-term sustainable value for stakeholders. Over the past few years, this well-integrated corporate ecosystem, encompassing governance, risk management, and internal controls, has played a crucial role in guiding the Company through numerous challenges. By adhering to principles of accountability, transparency, integrity, and ethics, KPPLC has consistently delivered value to its stakeholders while ensuring the Company's resilience and adaptability in an ever-evolving business landscape.

Board Responsibilities

The Board of Directors at KPPLC holds the ultimate responsibility for the Company's risk management framework, ensuring effective identification, assessment, and management of risks across all levels. The Board's approach is comprehensive, addressing both internal and external risks that could impact KPPLC's strategic objectives, operational performance, and sustainability.

Key responsibilities include establishing a robust risk governance structure, setting risk appetite, and approving policies, all while overseeing the framework's effectiveness. The Board also ensures thorough risk identification and assessment processes, encompassing a wide range of risk categories. By integrating risk management into strategic planning, the Board aligns risk considerations with the Company's objectives, thus enhancing resilience and informed decision-making. Regular monitoring and reporting, including reviews of risk reports from management and internal audit, allow the Board to evaluate the adequacy of controls and processes. Additionally, the Board oversees the development and implementation of

Business Continuity Management plans, ensuring the Company's preparedness for crises and disruptions.

The Board emphasizes transparent communication with stakeholders about KPPLC's risk management practices, reinforcing trust and aligning risk management with long-term value creation. By fulfilling these responsibilities, the Board strengthens KPPLC's resilience, supports sustainable growth, and safeguards stakeholder value.

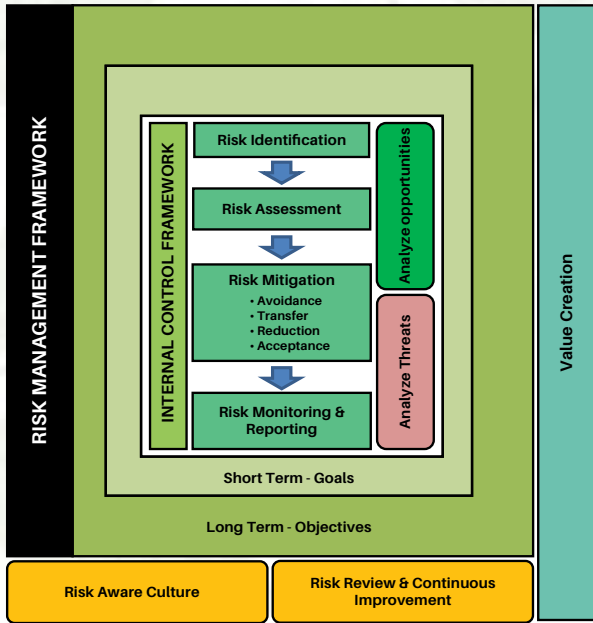
Risk Management Framework At KPPLC

The Risk Management Framework at KPPLC is vital for ensuring the Company's ability to achieve both its short-term and long-term strategic objectives. The primary goal of this framework is to identify, assess, and manage risks that could adversely affect the Company's performance and sustainability. By embedding risk awareness into every decision-making process, KPPLC ensures that its approach to risk management is not only proactive but also strategic. This involves early detection and analysis of potential threats and opportunities, effective control and mitigation of risks before they materialize, and the pursuit of opportunities within acceptable risk levels to enhance value creation.

Corporate Management plays a pivotal role in ensuring that risk management is treated as a critical business component, with every employee and business partner actively engaged in identifying, analyzing, and managing risks within the Company-wide framework. KPPLC's risk management approach combines a top-down strategic perspective with bottom-up operational risk assessments, considering the external environment at all times. This comprehensive process is further supported by strategic risk analyses, risk outlooks, and evaluations for key operations and investments, allowing the Company to anticipate and mitigate risks effectively. The framework also emphasizes the importance of adapting to the dynamic nature of external risk factors. To this end, KPPLC regularly issues a major risk perspective bulletin on external and emerging risks, ensuring that both the Board and Management are kept informed and prepared to respond promptly



RISK MANAGEMENT



and effectively. This structured and forward-looking approach to risk management is essential for safeguarding KPPLC’s long-term value and sustainability.

Risk Identification and Assessment

At KPPLC, we employ a formalized process for identifying and assessing risks, considering both internal and external factors. Risks are categorized into operational, financial, strategic, compliance, environmental, and reputational domains. During the year, significant risks were identified across these categories, including market volatility, regulatory changes, and operational disruptions. Each risk was thoroughly assessed based on its likelihood and potential impact, and prioritized for appropriate management.

Risk Mitigation Strategies

We implement a range of risk mitigation strategies at KPPLC, including avoidance, transfer, reduction, and acceptance, tailored to each identified risk. Key strategies include diversifying our revenue streams, implementing robust internal controls, and securing adequate insurance coverage. These strategies have proven effective in minimizing risk exposure, ensuring that the Company operates within its defined risk appetite.

Risk Monitoring and Reporting

Continuous monitoring of risks is central to our approach at KPPLC. We use Key Risk Indicators (KRIs) to track potential threats in real time and adjust our mitigation strategies as necessary. Regular risk reports are provided to the Board, Audit, and Risk Management Committees, ensuring that all relevant stakeholders are informed of the current risk landscape. Our transparent reporting mechanisms also extend to our external stakeholders, reflecting our commitment to accountability and good governance.

Internal Controls

Our internal control environment at KPPLC is both comprehensive and effective, supporting our risk management objectives. The Internal Audit Department plays a crucial role in evaluating the adequacy of these controls, and any findings are promptly addressed to strengthen our systems further. Continuous improvements are made to our internal control systems to keep pace with the evolving risk landscape.

Review and Continuous Improvement

KPPLC’s risk management framework is regularly reviewed to ensure its relevance and effectiveness. Independent assessments, internal audits, and third-party evaluations provide valuable insights that drive continuous improvement. As we look ahead, we remain committed to enhancing our risk management practices to better navigate the challenges of the future.

By maintaining a robust governance structure, proactive risk identification, and effective mitigation strategies, we safeguard our assets and support the long-term success of the Company. Looking forward, we will continue to strengthen our risk management capabilities to address emerging risks and seize new opportunities.

Internal Audit

At KPPLC, the internal audit department plays a crucial role in reinforcing the Company’s risk management framework. It provides independent, objective, and risk-based assurance and consulting services that are essential for enhancing the Company’s operations. The department evaluates whether KPPLC’s risk management, control, and governance processes are designed and executed effectively and sustainably.

Overall, the internal audit department’s activities are integral to KPPLC’s risk management framework, ensuring that the Company’s risk management practices are both comprehensive and effective. This enhances the Company’s ability to achieve its strategic objectives while safeguarding its assets and stakeholders’ interests.



KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
STRATEGIC RISK	Global Economic Risk	To reduce the uncertainty of global economic risks that are global in nature and impact, such as unexpected changes due to the global recession, sanctions imposed on countries, or changes in international markets.	<ul style="list-style-type: none"> ◆ Adopt to diversify the risk by exploring and engaging to market the products in different global markets and finding reliable new markets. ◆ Identifying and investigating product mix to match the global trends and demand. ◆ Analyzing global financial trends and entering into negotiations with foreign buyers. For example entering in to Forward contracts.
	Environmental Risk	To reduce the impact of the occurrence of negative economic consequences resulting from organizational operations.	<ul style="list-style-type: none"> ◆ Adopting sustainable agricultural practices. ◆ Closely interacting with environmental authority to align our operations with their requirements. ◆ Taking steps for soil conservation. ◆ Allocate land for forestry.
	Fiscal Policy Changing Risk	To reduce the risks associated with shifting government policies affecting foreign trade and the plantation sector.	<ul style="list-style-type: none"> ◆ Company has employed tax & legal consultants to advice on these issues. ◆ Government lobbying through the minister by maintaining good formal relationship. ◆ Willing to deal with financial risk arising with government policy changes.
	Technological Risk	To reduce the impact of technology innovation on product obsolescence in the Company.	<ul style="list-style-type: none"> ◆ Focus on technological changes arising in the industry and adopt them where it is necessitates ◆ Upgrade the production facilities through allocation of Company funds.
	Reputation Risk	To lessen the impact of risk connected with firm reputational breaches.	<ul style="list-style-type: none"> ◆ Active and regular communication with stakeholders to enhance the image of the Company. ◆ Regular review on the Company's interactions with outside environment. ◆ Adopting stringent quality assurance standards with regard to ensure the quality of our products, including raw and packing materials.

KPPLC Risk Management strategy emphasizes the development and implementation of a comprehensive and adaptive framework that addresses both current and emerging risks. Key components include robust governance, a strong risk-aware culture, advanced monitoring tools, and continuous improvement. The strategy integrates risk management with strategic planning and ensures effective communication with stakeholders. By focusing on proactive risk identification, assessment, and mitigation, as well as strengthening business continuity and fostering innovation, KPPLC aims to safeguard its operations, enhance resilience, and support sustainable growth while maximizing shareholder value.



RISK MANAGEMENT

KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
FINANCIAL RISK	Currency Risk	To reduce the impact of foreign currency rate volatility related with export proceeds, import payments, and foreign currency debt transactions.	<ul style="list-style-type: none"> ◇ Regular analysis of major foreign currency trends which Company usually deal with. ◇ Match the export proceeds with foreign currency payments to ensure foreign currency surplus. ◇ Export proceeds exceeding the import payments and foreign currency debt payments through various hedging techniques.
	Interest Rate Risk & Gearing Risk	To reduce the negative impact of interest rate volatility and currency denominated borrowings.	<ul style="list-style-type: none"> ◇ Structuring the loan portfolio to combine foreign currency and local. ◇ Minimize interest rate risk through internal hedging techniques such as matching by having balance between variable & fixed portion of interest income & expense. ◇ Maximum utilization of the concessionary funding available to Plantation Companies. To ensure cost of borrowing is at the optimum level, appropriate gearing ratio will be maintained with the assistance of Group Treasury.
	Liquidity & Cash Management Risk	To take advantage of chances to raise funds at the lowest possible cost while maintaining a strong liquidity position.	<ul style="list-style-type: none"> ◇ Funding of long term assets through Equity and Long Term Loans. ◇ Ensure availability and effective utilization of short term facilities where necessary. ◇ Ensuring proper management of working capital via maintaining adequate level of funds. ◇ Maximum utilization of the concessionary funding available to Plantation Companies.
	Capital Investments Risk	To maximize shareholder wealth by investing in the most suitable investment opportunity.	<ul style="list-style-type: none"> ◇ Adopting a stringent approval procedure for Capital expenditure. ◇ In depth analysis of investment in both long term and short term capital employments. ◇ Use various approaches for systematically analyze the feasibility of capital budgeting including NPV, Payback, Profitability ratio etc.
	Credit Risk	To reduce the impact of risks connected with debtor defaults.	<ul style="list-style-type: none"> ◇ Insure the export debtors to secure the payment of receivables of foreign transactions. ◇ Sales are made through auction and brokers assure the settlement. ◇ Work towards obtaining collaterals from major local customers with high outstanding. ◇ Follow stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.



OPERATIONAL RISK

KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
OPERATIONAL RISK	Inventory & Asset Risk	To get the best possible result, reduce stock obsolescence, fire and theft risks, manage stock holding expenses, and minimize machinery and equipment malfunction.	<ul style="list-style-type: none"> ◆ Frequent physical check and adapting to a monthly declaration policy. ◆ Identify slow moving stocks and effectively laying out a channel for these to be sold off. ◆ Obtaining comprehensive insurance covers for all tangible assets. ◆ Carrying out mandatory preventive maintenance programs. ◆ Carrying out frequent employee training programs in areas such as fire prevention.
	Human Capital & Labor Risk		<ul style="list-style-type: none"> ◆ Maintaining healthy relationships with trade unions through regular dialogues. ◆ Entering in to collective agreements with trade unions. ◆ Ensure compliance with all regulatory requirements with regard to the benefits applicable to workers at estates. ◆ To protect our self as a human employer being successful in motivating, developing, retaining and attracting the best of human capital. ◆ Improving employee benefits by way of financial incentives and welfare activities. ◆ Arrange in-house and external training in order to develop the human resources.
	Product Risk & Risk of Competition	To increase our market share and ensure our ability to compete in our respective industries by sustaining leadership.	<ul style="list-style-type: none"> ◆ Ensure high standards of quality of Products through obtaining local and global Certificates and recognition such as ISO certificates. ◆ Increasing productivity and efficiency in order to ensure an adequate margin despite increasing wage, energy and transportation cost. ◆ Carrying out Research & Development activities to meet the competition. ◆ Regular attention towards competitor behavior to secure and improve the market.
	Procurement Risk	To reduce the risk connected with material pricing and availability.	<ul style="list-style-type: none"> ◆ Continuous replanting activities of all crops for meet the increasing demand. ◆ Ensure the availability of all required materials through regular investigation of Procurement. ◆ Establishing relationships with many suppliers for latex and bought leaf in order to reduce over-dependency on a single supplier. ◆ Entering into forward contracts for purchases of certain raw material items.



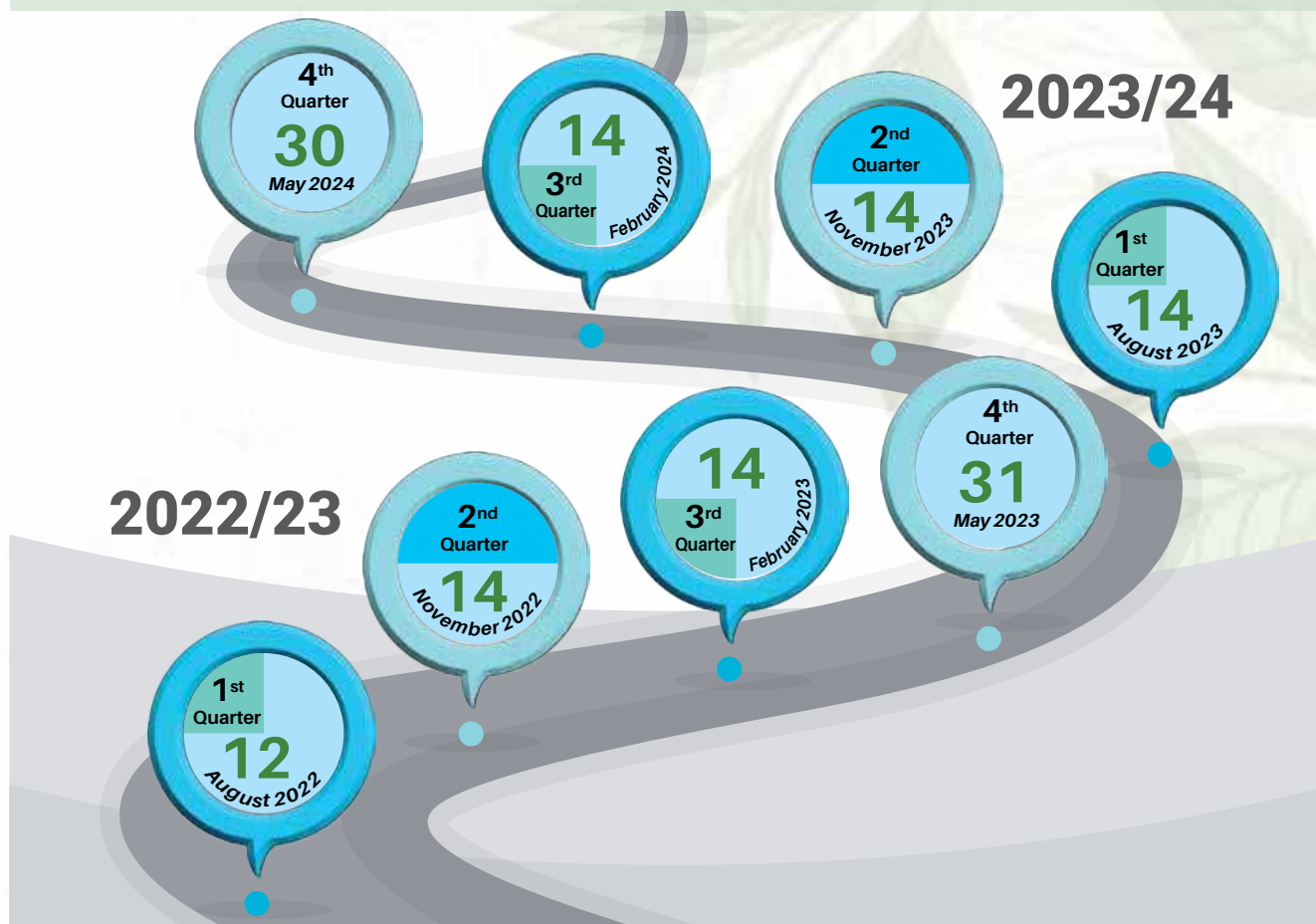
RISK MANAGEMENT

KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
	Information Systems Risk	To reduce the risk of information system failures and increase data security, hardware, communication, and software.	<ul style="list-style-type: none"> ◆ Maintaining of spare servers. ◆ Mirroring of hard disks with critical data. ◆ Data back-ups stored in offsite locations. ◆ Vendor agreements for support service and maintenance. ◆ Regular updating of Virus scanners, Firewalls etc. ◆ Compliance with statutory requirements for environmental preservation. ◆ Carrying out Application Control Audits.
HAZARD RISK	Industrial Accident Risk	To eliminate the possibility of an industrial accident occurring in order to secure internal security.	<ul style="list-style-type: none"> ◆ Implementing safety measures in the factories and estates. ◆ Improving the awareness of the employees on the possible accidents. ◆ Facilitating the employee education on first aid treatment. ◆ Aligning the production processes with relevant safety standards.
	Natural Disaster Risk	To lessen the harmful consequences of natural disasters.	<ul style="list-style-type: none"> ◆ Analyzing the seasonal trends of usual disasters such as floods and getting prepared to minimize avoidable losses. ◆ Obtaining insurance covers for the risky areas. ◆ Preparation of the staff to face unexpected disasters by improving their knowledge on such events.



FINANCIAL CALENDAR

Interim Financial Statements



Dividend Announcements	2023/24	2022/23
Date of Announcement	05 March 2024	09 January 2023
Interim Dividend	Rs. 3.50 Per Share	Rs. 7.00 Per Share
Date of Payment	04 April 2024	08 February 2023

Annual Report	Published	Meetings
2014/15	28 May 2015	22nd Annual General Meeting
2015/16	31 May 2016	23rd Annual General Meeting
2016/17	31 May 2017	24th Annual General Meeting
2017/18	30 May 2018	25th Annual General Meeting
2018/19	12-Jun-2019	26th Annual General Meeting
2019/20	28-Sep-2020	27th Annual General Meeting
2020/21	31-Aug-2021	28th Annual General Meeting
2021/22	31-Aug-2022	29th Annual General Meeting
2022/23	31-Aug-2023	30th Annual General Meeting
2023/24	30-Aug-2024	31st Annual General Meeting

27 September 2024



ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Kegalle Plantations PLC have pleasure in presenting to the Members, their report together with the Audited Financial Statements of the Company and its subsidiary for the year ended 31 March 2024 and the Auditor's Report thereon.

The Board of Directors approved this report at the Board meeting held on 28 August 2024.

The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission and are guided by recommended best Accounting Practices. The Company's new registration number is PQ 135.

Principal Activities and Operational Review

The principal activity of Kegalle Plantations PLC is cultivation and processing of Rubber, Tea, Coconut and other crops and remains unchanged from the previous year. The number of estates managed remained the same as last year - 17 estates with a total extent cultivated being 7,338 hectares (7,289 hectares in 2022/23).

The Company continues to be managed by RPC Plantation Management Services (Pvt) Ltd. The basis of computation of Management Fees was same as that of the previous year and was in accordance with the Agreement signed between both parties.

Future Development

Profound changes take place in the global commodity market. In order to stay ahead of its competitors, the strategic direction of the Company is regularly monitored by the Board of Directors in the key areas of operations and financial management, in pursuit of improving yields, value addition, diversification and product differentiation to reduce price sensitivity, to improve quality and get the best return on investment.

Review of the Company Performance

The Chairman's Review, Management Discussion & Analysis and other reports attached, briefly describe the performance of the Company and the Group in the current financial year. These Reports together with the Financial Statements reflect results and the state of affairs of the Company and its subsidiary.

Turnover

The Turnover of the Company was Rs. 3,907,107,681/- (2022/23 - Rs. 5,294,937,809/-) which is a 26% decline over last year, Composition of the Revenue is given in Note 6 to the Accounts.

Results and Appropriations

Summary of the results and appropriations are given below.

Year ended 31 March	2023/24 Rs.'000	2022/23 Rs.'000
Profit from operations after deducting all expenses, depreciation and all known liabilities	135,618	1,017,770
(-) Taxation	(114,384)	(327,912)
Profit after Tax	21,234	689,858
(+) Other Comprehensive Income	(74,655)	(16,244)
Total Comprehensive Income/(Loss)	(53,421)	673,614
(+) Un-appropriate profit brought forward	3,210,920	2,717,300
(-) Surcharge tax	-	(877)
Profit available for Distribution	3,157,499	3,390,037
Appropriation		
Dividends paid	(87,500)	(175,000)
Timber Reserve	(14,319)	(4,117)
Un-appropriated profit carried forward	3,055,680	3,210,920

Details of the Company's profits are given in pages 108-109.

Investments

Information relating to the movement of investments is given in Notes 17 and 18 to the Accounts.

Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 630,525,886/- (2022/23 - Rs. 565,000,757/-), out of which expenditure on Biological Assets amounts to Rs. 522,717,634/- (2022/23 - Rs. 438,807,468/-). Further information relating to the movement of Fixed Assets is given in Notes 14 to 16 of the Accounts. Capital expenditure has been financed by either long or short-term borrowings depending on the pay-back period and or internally generated funds.

Loans & Borrowings

A breakdown of the total loans outstanding as at the Statement of Financial Position date is given in Note 25 to the Accounts.



Stated Capital

The Stated Capital of the Company as at 31 March 2024 was Rs. 250,000,010/-. A detail of the Stated Capital is given in Note 24 to the Financial Statements.

Reserves

The Reserves of the Company as at 31 March 2024 was Rs. 3,397,531,837/- (2022/23 - Rs. 3,538,453,262/-). The details are given in the Statement of Changes in Equity on Page 61 to the Financial Statements.

Corporate Donations

During the year under review the Company has not made any donations. (2022/23 - Nil).

Taxation

According to the New Inland Revenue Act No. 24 of 2017 (i.e. effective from 1 April 2018), the Company was liable to pay income tax at the rate of 14% on its agricultural business for the year of assessment 2019/20 and as per the Inland Revenue (Amendment) Act was passed in Parliament on 4 May 2021, The sale of produce from agro farming is exempt for a period of 5 years from 1 April 2019. Agro processing is taxed at a concessionary rate of 14% and all the other sources taxed at the standard rate of 24% from 1 January 2020 onwards.

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 1 October 2022) for income taxation. The following rates have been used for income tax calculation.

Source of Taxable income	Description	Effective tax rate (%)
Agro farming	Exempted	-
Agro processing	Tax on taxable income	30%
Dividend income	Tax on dividend	15%
Other investment income	Tax on balance taxable income	30%

Accordingly, deferred taxes of the Company have been computed at 30% (2022/23 - 30%).

Further details of Taxation are given in Note 12 to the Financial Statements.

Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages 117 to 119 of this report.

Major Shareholders

The twenty five largest shareholders of the Company as at 31 March 2024 together with percentages held are given under the caption "Shareholder & Investor Information" on Page 119.

Directorate

The Names of the Directors who held Office during the year are given below. Their brief profile appears on Pages 08 to 09.

Name of the Director	
Dr. Sena Yaddehige	Chairman
Prof. R C W M R A Nugawela	Director
Dr. S S B D G Jayawardena	Director
Shaminda Yaddehige	Director
J L A Fernando (Ceased to be a Director w.e.f. 05 July 2024)	Director

Appointment, Re-election and Resignation

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

1. "That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 78 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige "

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

2. "That Dr. Gerry Jayawardena of No. 134, Batagama (North) Ja -Ela, who is 82 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Gerry Jayawardena "

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

3. "That Prof. Asoka Nugawela of No. 58/7A, Lewella, Kandy who is 71 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially



ANNUAL REPORT OF THE BOARD OF DIRECTORS

declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Prof. Asoka Nugawela "

In accordance with the Provisions of the Article 92 of the Articles of Association of the Company, Mr. Shaminda Yaddehige, who retires by rotation at the Annual General Meeting will offer himself for re-election.

Directors' Interest in Contracts

Directors' interest in contracts in relation to transactions with related entities, transactions with Key Management Personnel and other related disclosures are stated in Note 37 (Related Party Disclosures) to the Financial Statements.

Interest Register

The Company maintains an interest register as required by the Companies' Act No. 07 of 2007. Information pertaining to directors' interest in contracts, their remuneration and their share ownership are disclosed in the interest register.

Directors'/CEO's Interest in Shares

Shareholding of Directors/CEO who held Office during the financial year is as follows: -

Directors' and CEO's Shareholding		
Name of Director/CEO	As at 31/03/2024	As at 31/03/2023
Dr. Sena Yaddehige, Chairman	-	-
Prof. R C W M R A Nugawela, Director	-	-
Dr. S S B D G Jayawardena, Director	-	-
Mr. Shaminda Yaddehige, Director	-	-
Mr. J L A Fernando, Director (Ceased to be a Director w.e.f. 05 July 2024)	100	100
Mr. Prins D S A Gunasekara, Chief Executive Officer	-	-

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31 March 2024 is given in Note 8 of the Financial Statements.

Vision, Mission & Objectives

The Company's Vision, Mission and Long-Term Objectives are given front inner page of this report.

Environmental Protection

The Companies activities can have both direct and indirect effects on the environment. It is the policy of the Company to minimize any adverse effects by recycling resources as much as possible and creating awareness among staff on current global environmental threats.

Employment Policy

The Company's recruitment and employment policy is non discriminatory. Appraisals of individual employees are carried out by the respective departmental heads in order to evaluate their performances and realize their potential and through this process to benefit the Company and themselves.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

Events after the Reporting Date

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Accounts, except disclosure stated in Note 36.

The Company considers its human resource as the greatest asset and therefore stringent measures have been adopted among employees in Tea Centers, Factories and fields to control the outbreak of Corona Virus. The Company will continue its policy of Human Resources development to meet the future challenges that will arise in skill and competency levels.

In this context, ensuring health and safety of our employees is of paramount important and we have facilitated work from home for head office employees, sanitization and other safety measures have been implemented at all our estates and manufacturing facilities. Several welfare measures such as providing dry rations, cash advances to maintain livelihood of our estate employees during this period were undertaken.

Board Committees

The Board has delegated responsibilities to three Board Sub Committees which operate within clearly defined terms of reference. Their compositions and functions are given in Pages 40 to 42 of this report.

Related Party Transactions

There are no non recurrent related party transactions which exceed 10 percent of the Equity or 5 percent of the total assets whichever is lower and the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions. However, the Directors have disclosed the transactions that could be classified as related party transactions which are adopted in the presentation of the Financial Statements and accordingly given in note 36 on Pages 111 to 112.



Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Pages 31 to 39.

The Board has overall responsibility for the Group's system of Internal Financial Control. Although no system of Internal Control can provide absolute assurance against material misstatement or loss the Group's internal control system has been designed to provide the Directors with reasonable assurance that assets are safeguarded, transactions authorized and properly recorded and material errors and irregularities either prevented or detected within a reasonable period of time.

Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibility for financial reporting of the Company and the Group is set out in Page 54 of this report.

Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene the Laws and the regulations applicable in Sri Lanka. Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the CSE rules on related party transactions which was made mandatory with effect from 01 October 2023.

Company Auditors

The Financial Statements for the year ended 31 March 2024 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Pages 55 to 57.

In accordance with the Companies Act No. 7 of 2007, a resolution proposing their re-appointment as Auditors to the Company and authorizing the Directors of the Company to fix their remuneration will be proposed at the Annual General Meeting.

The Audit Fee of Messrs. Ernst & Young for the current year was Rs. 4,629,211/- (2022/23 - Rs. 4,208,374/-). In addition, Rs. 1,241,616/- (2022/23 - Rs. 1,157,484/-) was paid by the Company for non-audit related work which consists mainly of certifications issued to the Department of Inland Revenue and Tax related work. As far as the Directors were aware the Auditors do not have any relationship other than that of an Auditor with the Company.

Annual General Meeting

The Annual General Meeting will be held on 27 September 2024 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 130 of the report.

This Annual Report is signed for and on behalf of the Board of Directors.

Dr. S S B D G Jayawardena
Director

Prof. R C W M R A Nugawela
Director

Mrs. R J Siriweera
Company Secretary

Richard Pieris Group Services (Pvt) Ltd
Secretaries
310, High Level Road
Nawinna
Maharagama.

28 August 2024



STATEMENT OF THE DIRECTORS' RESPONSIBILITY

In keeping with the provisions under the Companies Act No. 07 of 2007, the Directors of Kegalle Plantations PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, Messrs. Ernst & Young, which are set out in their report, appearing on pages 55 to 57 of this report.

The Financial Statements of the Company and its subsidiary for the year ended 31 March 2024 included in this report have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards. They provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently and that all applicable accounting standards have been followed in the preparation of the Financial Statements given on pages from 64 to 78 inclusive. All material deviations from these standards if any have been disclosed and explained. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that all Companies within the Group maintain adequate accounting records, which are sufficient enough to prepare Financial Statements that disclose with reasonable accuracy, the financial position of the Company and its subsidiary. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company and its subsidiary as at 31 March 2024 and that of the profit for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognizing the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by them which comprise internal checks,

internal audit, financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors are of the view that the Company and its subsidiary have adequate resources to continue operations in the foreseeable future, as a going concern. Accordingly, the Directors have continued to use the going-concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors Messrs. Ernst & Young, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Company's Auditors, Messrs. Ernst & Young, Chartered Accountants have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on pages 55 to 57 of this report. In arriving at their opinion, they have carried out reviews and sample checks on the system of internal controls.

By order of the Board,

Mrs. R J Siriweera
Company Secretary

Richard Pieris Group Services (Pvt) Ltd
Secretaries
310, High Level Road
Nawinna
Maharagama.

28 August 2024



INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Calle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysi@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KEGALLE PLANTATIONS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kegalle Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of

the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p>Measurement of Bearer Biological Assets</p> <p>As of 31 March 2024, the Group's bearer biological assets amounted to Rs. 3,640 Mn and represented 46% of the Group's total assets. Bearer Biological Assets comprised of Rs. 1,781 Mn Immature Plantations and Rs 1,859 Mn of Mature plantations, as disclosed in Notes 4.3 and 16 to the consolidated financial statements.</p> <p>This was a key audit matter due to:</p> <p>Measurement of Bearer Biological asset in the financial statements was a key audit matter due to following:</p> <ul style="list-style-type: none"> ◆ The materiality of the reported bearer biological asset balance; 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> ◆ Obtained an understanding of management's expense allocation process and evaluated the design of relevant key controls over the identification of expenses to be capitalized in relation to immature plantations. ◆ Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), W D P L Perera ACA

A member firm of Ernst & Young Global Limited



INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How our audit addressed the key audit matter
Measurement of Bearer Biological Assets (Contd.)	
<p>and</p> <ul style="list-style-type: none"> ◇ The degree of management's judgement involved in identification of costs to be capitalized as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Notes 4.3 and 16 to the financial statements. 	<ul style="list-style-type: none"> ◇ Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence. ◇ Tested transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations. ◇ Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations. ◇ Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements. <p>We also assessed the adequacy of the related disclosures made in Notes 4.3 and 16 to the consolidated financial statements.</p>
Measurement of retirement benefit obligation	
<p>As disclosed in note 26 to the consolidated financial statements, the Group's retirement benefit obligation amounted to Rs. 459 Mn and represented 11% of total liabilities as of 31 March 2024. The value of retirement benefit obligation was based on the actuarial valuations carried out by an external valuer engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> ◇ The materiality of the reported retirement benefit obligation balance; and ◇ The degree of management judgements, assumptions and estimation uncertainties associated with measurement of the retirement benefit obligation. <p>Key areas of significant assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary/ wage growth rate as disclosed in Notes 4.2 and 26 to the consolidated financial statements.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> ◇ Assessed the competence, capability and objectivity of the external actuary engaged by the group. ◇ Checked the completeness and accuracy of the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records. ◇ Read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation. ◇ Assessed the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary/ wage growth rate in measuring the value of the retirement benefit obligation. <p>We also assessed the adequacy of the disclosures made in notes 4.2 and 26 to the consolidated financial statements.</p>

Other information included in The Group's 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the

audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and Those Charged with Governance

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



In preparing the consolidated 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 SLAuS's 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 SLAuS's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Group.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Group.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.

Ernst & Young

Chartered Accountants

28 August 2024

Colombo



STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Revenue	6	3,907,108	5,294,938	3,907,108	5,294,938
Cost of Sale		(3,572,996)	(4,176,515)	(3,572,996)	(4,176,515)
Gross Profit		334,112	1,118,422	334,112	1,118,422
Gain on fair value of Biological Assets	16.4	16,275	5,126	16,275	5,126
Other Income	7	142,628	106,696	140,171	104,356
Administrative Expenses		(68,029)	(75,996)	(63,976)	(72,171)
Management Fee		(53,266)	(168,911)	(53,266)	(168,911)
Profit from Operations	8	371,719	985,338	373,315	986,823
Finance Income	9	(6,208)	259,854	(6,208)	259,854
Finance Cost	10	(231,488)	(228,904)	(231,488)	(228,904)
Share of Result of Equity Accounted Investees	11	(320,693)	131,301	-	-
Profit/(Loss) Before Taxation		(186,671)	1,147,589	135,618	1,017,772
Tax Expenses	12.1	(86,504)	(396,433)	(114,385)	(327,914)
Profit/(Loss) After Taxation		(273,176)	751,156	21,234	689,858
Attributable to:					
Equity holders of the Parent		(273,176)	751,156	21,234	689,858
Non-controlling interest		-	-	-	-
Profit/(Loss) for the year		(273,176)	751,156	21,234	689,858
Basic Earnings/(Loss) Per Share - Rs.	13	(10.93)	30.05	0.85	27.59
Dividend Per Share - Rs.	13.3	3.50	7.00	3.50	7.00

The accounting policies and notes on Pages 64 through 116 form an integral part of the Financial Statements.



STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit/(Loss) for the year		(273,176)	751,156	21,234	689,858
Other Comprehensive Income					
Other Comprehensive income that will not be reclassified to profit or loss in Subsequent periods (net of tax)					
Actuarial Gains/(Losses) on Defined Benefit Plans	26	(33,983)	(13,784)	(33,983)	(13,784)
Income tax effect	12.2	10,195	4,135	10,195	4,135
Other Comprehensive income/(loss) that will not be reclassified to profit or loss in Subsequent periods (net of tax)		(23,788)	(9,649)	(23,788)	(9,649)
Share of Other Comprehensive Income of Equity Accounted Investees					
Other Comprehensive income that will not be reclassified to profit or loss in Subsequent periods					
Actuarial Gains/(Losses) on Defined Benefit Plans	11.2	(4,043)	1,984	-	-
Income tax effect	11.2	1,213	(595)	-	-
		(2,830)	1,388	-	-
Net Gain/(Loss) on Fair Value Through Other Comprehensive Income Financial Assets	11.2 & 17.1	7,449	(46,928)	(56,519)	(7,328)
Income tax effect	12.2	5,652	733	5,652	733
		13,101	(46,195)	(50,867)	(6,595)
Net Other Comprehensive income / (Loss) that will not be reclassified to profit or loss in Subsequent periods		10,271	(44,807)	(50,867)	(6,595)
Other Comprehensive income to be reclassified to profit or loss in Subsequent periods		-	-	-	-
Other Comprehensive Income/(Loss) for the year, net of tax		(13,517)	(54,456)	(74,655)	(16,244)
Total Comprehensive Income/(Loss) for the year, net of tax		(286,692)	696,700	(53,421)	673,614
Attributable to:					
Equity holders of the Parent		(286,692)	696,700	(53,421)	673,614
Non-controlling interest		-	-	-	-
Total Comprehensive Income for the year		(286,692)	696,700	(53,421)	673,614

The accounting policies and notes on Pages 64 through 116 form an integral part of the Financial Statements.



STATEMENT OF FINANCIAL POSITION

As at 31 March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
ASSETS					
Non Current Assets					
Right of Use Assets	14	721,334	498,113	721,334	498,113
Free hold Property, Plant and Equipment	15	859,337	782,538	848,685	768,288
Bearer Biological Assets	16.1	3,640,326	3,260,126	3,640,326	3,260,126
Consumable Biological Assets	16.2	245,605	212,354	245,605	212,354
Financial Assets	17	176,320	219,144	176,320	219,144
Long Term Investments	18.3	1,727,934	1,959,609	491,850	491,850
Total Non Current Assets		7,370,856	6,931,883	6,124,120	5,449,874
Current Assets					
Produce on Bearer Biological Asset	16.3	10,750	8,794	10,750	8,794
Inventories	19	545,924	663,667	545,811	663,554
Trade and Other Receivables	20	834,379	666,672	832,758	664,166
VAT Recoverable		26,767	21,066	26,767	21,066
Income Tax Recoverable		16,131	16,131	16,131	16,131
Amounts due from Related Companies	21	13,522	19,860	36,219	49,348
Short Term Investments	22	234,352	281,822	234,352	281,822
Cash and Bank Balances	23	19,634	21,273	19,634	21,273
Total Current Assets		1,701,459	1,699,285	1,722,422	1,726,155
TOTAL ASSETS		9,072,315	8,631,168	7,846,541	7,176,029
EQUITY AND LIABILITIES					
Equity					
Stated Capital	24	250,000	250,000	250,000	250,000
General Reserve	24.1	225,000	225,000	225,000	225,000
Timber Reserve	24.2	68,251	53,932	68,251	53,932
Fair Value Through Other Comprehensive Income Reserve	24.3	48,588	48,588	48,600	48,600
Retained Earnings		4,271,453	4,659,964	3,055,681	3,210,921
Total Equity		4,863,292	5,237,484	3,647,532	3,788,453
Non Current Liabilities					
Interest-bearing Loans & Borrowings	25	254,144	529,152	254,144	529,152
Retiring Benefit Obligations	26	459,272	447,967	459,272	447,967
Deferred Income	27	232,976	213,503	232,976	213,503
Deferred Tax Liability	28	660,142	561,604	660,142	561,604
Lease Creditor	29.3	793,482	539,084	793,482	539,084
Total Non Current Liabilities		2,400,017	2,291,310	2,400,017	2,291,310
Current Liabilities					
Trade and Other Payables	30	396,700	380,930	391,813	376,074
Interest-bearing Loans & Borrowings	25	974,774	453,866	974,774	453,866
Lease Creditor	29.3	11,183	7,550	11,183	7,550
Dividend Payable	31	116,552	42,488	116,552	42,488
Amounts due to Related Companies	32	309,797	217,539	304,671	216,287
Total Current Liabilities		1,809,006	1,102,374	1,798,993	1,096,265
TOTAL EQUITY AND LIABILITIES		9,072,315	8,631,168	7,846,541	7,176,029

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Sudheera Epitakumbura
Head of Finance

The Board of Directors is responsible for these Financial Statements.
approved and signed for and on behalf of the Board of Directors of Kegalle Plantations PLC.

Dr. S S B D G Jayawardena
Director

Prof. R C W M R A Nugawela
Director

The accounting policies and notes on Pages 64 through 116 form an integral part of the Financial Statements.

28 August 2024
Colombo



STATEMENT OF CHANGES IN EQUITY

Year ended 31 March

Group	Stated Capital Rs. '000	General Reserve Rs. '000	Retained Earnings Rs. '000	FVTOCI Reserve Rs. '000	Timber Reserve Rs. '000	Total Rs. '000
As at 01 April 2022	250,000	225,000	4,143,257	48,588	49,815	4,716,661
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No.14 of 2022	-	-	(877)	-	-	(877)
Adjusted Balance as at 01 April 2022	250,000	225,000	4,142,380	48,588	49,815	4,715,784
Profit for the year	-	-	751,156	-	-	751,156
Other Comprehensive Income						
Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	(9,649)	-	-	(9,649)
Share of Other Comprehensive Income of Equity Accounted Investees						
Net Gain/(Loss) on FVTOCI Financial Assets	-	-	(46,195)	-	-	(46,195)
Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	1,388	-	-	1,388
Timber Reserve	-	-	(4,117)	-	4,117	-
Dividend Paid	-	-	(175,000)	-	-	(175,000)
Balance as at 31 March 2023	250,000	225,000	4,659,964	48,588	53,932	5,237,484
Profit for the year	-	-	(273,176)	-	-	(273,176)
Other Comprehensive Income						
Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	(23,788)	-	-	(23,788)
Share of Other Comprehensive Income of Equity Accounted Investees						
Net Gain/(Loss) on Fair Value Through Other Comprehensive Income Financial Assets	-	-	13,101	-	-	13,101
Actuarial Gains/(Losses) on Defined Benefit Plans	-	-	(2,830)	-	-	(2,830)
Timber Reserve	-	-	(14,319)	-	14,319	-
Dividend Paid	-	-	(87,500)	-	-	(87,500)
Balance as at 31 March 2024	250,000	225,000	4,271,453	48,588	68,251	4,863,292

Company	Stated Capital Rs. '000	General Reserve Rs. '000	Retained Earnings Rs. '000	FVTOCI Reserve Rs. '000	Timber Reserve Rs. '000	Total Rs. '000
As at 01 April 2022	250,000	225,000	2,717,301	48,600	49,815	3,290,716
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No.14 of 2022	-	-	(877)	-	-	(877)
Adjusted Balance as at 01 April 2022	250,000	225,000	2,716,424	48,600	49,815	3,289,839
Profit for the year	-	-	689,858	-	-	689,858
Other Comprehensive Income/(Loss)						
Timber Reserve	-	-	(4,117)	-	4,117	-
Dividend Paid	-	-	(175,000)	-	-	(175,000)
Balance as at 31 March 2023	250,000	225,000	3,210,921	48,600	53,932	3,788,453
Profit/(Loss) for the year	-	-	21,234	-	-	21,234
Other Comprehensive Income/(Loss)						
Timber Reserve	-	-	(74,655)	-	-	(74,655)
Timber Reserve	-	-	(14,319)	-	14,319	-
Dividend Paid	-	-	(87,500)	-	-	(87,500)
Balance as at 31 March 2024	250,000	225,000	3,055,681	48,600	68,251	3,647,532

The Timber Reserve relates to the change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

The accounting policies and notes on Pages 64 through 116 form an integral part of the Financial Statements.



STATEMENT OF CASH FLOW

Year ended 31 March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Net Profit/(Loss) before Taxation		(186,671)	1,147,589	135,618	1,017,772
ADJUSTMENTS FOR					
Interest Income	9	6,208	(259,854)	6,208	(259,854)
Depreciation/Amortisation	8	189,545	170,965	189,545	172,725
Provision for Defined Benefit Plan Costs	26	106,929	99,342	106,929	99,342
Amortisation of Grants	27	(13,745)	(12,697)	(13,745)	(12,697)
Finance Costs	10	126,210	157,559	126,210	157,559
Interest on Government Finance Lease	29	105,278	71,345	105,278	71,345
Impairment of Property, Plant & Equipment		3,598	3,536	-	-
Reassessment on Lease Liability		118	142	118	142
(Gains)/Losses on Fair Value of Biological Assets	16.4	(16,275)	(5,126)	(16,275)	(5,126)
(Gains)/Losses on Sales of Biological Assets		(53,198)	-	(53,198)	-
Share of result of Associates	11	320,693	(131,301)	-	-
Operating Profit before Working Capital Changes		588,691	1,241,500	586,689	1,241,209
(Increase)/Decrease in Inventories		117,743	(218,202)	117,743	(218,202)
(Increase)/Decrease in Trade and Other Receivables		(173,408)	(210,885)	(174,293)	(210,000)
Increase/(Decrease) in Trade and Other Payables		15,769	16,999	15,739	15,200
(Increase)/Decrease in amounts due from Related Companies		6,339	(8,179)	13,129	(10,840)
Increase/(Decrease) in amounts due to Related Companies		92,257	(34,201)	88,384	(30,334)
Cash Generated from/(used in) Operations		647,391	787,032	647,391	787,032
Interest on Government Finance Lease	29	(105,278)	(71,345)	(105,278)	(71,345)
Finance Costs Paid	10	(126,210)	(157,559)	(126,210)	(157,559)
Defined Benefit Plan Costs Paid	26	(129,606)	(108,373)	(129,606)	(108,373)
Surcharge Tax Paid		-	(877)	-	(877)
Net Cash from/(used in) Operating Activities		286,297	448,878	286,297	448,878
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Investments in Projects	15 (a)	(14,233)	(85,854)	(14,233)	(85,854)
Interest Income	9	(6,208)	259,854	(6,208)	259,854
Grant/Subsidies Received	27	33,218	15,199	33,218	15,199
Proceeds from Disposal of Biological Assets		57,557	-	57,557	-
Field Development Expenditure	Note A	(522,718)	(438,807)	(522,718)	(438,807)
Purchase of Property, Plant & Equipment	Note B	(107,808)	(126,193)	(107,808)	(126,193)
Net Cash from/(used in) Investing Activities		(560,193)	(375,802)	(560,193)	(375,802)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividend Paid		(13,436)	(295,062)	(13,436)	(295,062)
Payment of Government Lease Rentals - Capital	29	(7,677)	(4,566)	(7,677)	(4,566)
Proceed from Loans	25	-	-	-	-
Repayment of Loans	25	(275,008)	(341,548)	(275,008)	(341,548)
Net Cash from/(used in) Financing Activities		(296,121)	(641,176)	(296,121)	(641,176)
Net Increase/(Decrease) in Cash & Cash Equivalents		(570,017)	(568,099)	(570,017)	(568,099)
Cash & Cash Equivalents at the beginning of the year	Note C	124,237	692,336	124,237	692,336
Cash & Cash Equivalents at the end of the year	Note D	(445,780)	124,237	(445,780)	124,237

The accounting policies and notes on Pages 64 through 116 form an integral part of the Financial Statements.



NOTES TO THE CASH FLOW STATEMENT

NOTE A	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in field development expenditure				
Investment in Immature Plantations				
Rubber	407,698	329,006	407,698	329,006
Tea	1,081	1,820	1,081	1,820
Coconut	38,698	35,076	38,698	35,076
Unallocated	75,240	72,906	75,240	72,906
	522,718	438,807	522,718	438,807

NOTE B	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in Property, Plant & Equipment				
Rubber	39,345	83,926	39,345	83,926
Tea	68,263	41,846	68,263	41,846
Unallocated	200	421	200	421
	107,808	126,193	107,808	126,193

NOTE C	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash & Cash Equivalents at the beginning of the year				
Cash & Bank Balances	21,273	15,841	21,273	15,841
Bank Overdrafts	(178,858)	(100,000)	(178,858)	(100,000)
Short term Investments	281,822	776,496	281,822	776,496
	124,237	692,336	124,237	692,336

NOTE D	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash & Cash Equivalents at the end of the year				
Cash & Bank Balances	19,634	21,273	19,634	21,273
Bank Overdrafts	(699,766)	(178,858)	(699,766)	(178,858)
Short term Investments	234,352	281,822	234,352	281,822
	(445,780)	124,237	(445,780)	124,237

The accounting policies and notes on Pages 64 through 116 form an integral part of the Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Kegalle Plantations PLC was incorporated on 22nd June 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No 310, High Level Road, Nawinna, Maharagama and Plantations are situated in the planting districts of Kegalle, Kurunegala and Badulla.

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The Consolidated Financial Statements of Kegalle Plantations PLC, as at and for the year ended 31 March 2024 comprise the Company, its Subsidiary and Associates namely, Hamefa Kegalle (Pvt) Ltd, Richard Pieris Natural Foams Ltd, and Arpico Insurance PLC.

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

1.2 Principal Activities and the Nature of the Operations

During the year, the principal activities of the Company were the producing and processing of Rubber, Tea, and Coconut.

Principal activities of other companies in the Group are as follows

Company	Relationship of Business	Nature of the Business/Principal Place
Hamefa Kegalle (Pvt) Ltd	Subsidiary	Currently no business operation other than Rent Income.
Richard Pieris Natural Foams Ltd	Associate	Manufacture of latex foam products.
Arpico Insurance PLC	Associate	Providing life insurance services.

1.3 Holding Company

The Company is a subsidiary of RPC Plantation Management Services (Pvt) Ltd., which is a wholly owned subsidiary of Richard Peiris Plantations (Pvt) Ltd whose ultimate parent enterprise is Richard Peiris & Co. PLC.

1.4 Date of Authorization for Issue

The financial statements of Kegalle Plantations PLC for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the board of directors on 28 August 2024.

1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and the Group which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to the Financial Statements ("the Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than the following material items in the Financial Statements, which are measured at fair value less cost to sell.

- ◇ Managed Consumable biological assets are measured at fair value.
- ◇ Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- ◇ Equity financial assets at fair value through other comprehensive income.
- ◇ Defined Benefit Obligation is measured using projected unit credit method.

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

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Except the changes mentioned, all the accounting policies set out below have been applied consistently to all the periods presented in the financial statements.

3.1 New and Amended Standards Interpretations

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31 March 2024.



- ◇ Amendments to LKAS 37 Provisions, Contingent Liabilities, and Contingent Assets: Onerous Contracts - Costs of Fulfilling a Contract.
- ◇ Amendments to LKAS 16 Property, Plant and Equipment: Proceeds before Intended Use.
- ◇ Amendments to SLFRS 3 Business Combinations: Updating a Reference to Conceptual Framework.

3.2 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern. The Directors have assessed the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

3.3 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2024. Subsidiaries are those entities controlled by the group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ◇ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- ◇ Exposure, or rights, to variable returns from its involvement with the investee.
- ◇ The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ◇ The contractual arrangement with the other vote holders of the investee.
- ◇ Rights arising from other contractual arrangements.
- ◇ The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary,

adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Company level investments in subsidiaries are recognized at cost.

3.3.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying



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amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3.2 Equity Accounted Investees (Investment in Associates)

Equity accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Equity accounted investees are accounted for using the equity method.

Under the equity method, the investment in the equity accounted investee is carried on the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the equity accounted investee. Any change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognized directly in the equity of the equity accounted investee, the Group recognizes its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Group and the equity accounted investee are eliminated to the extent of the interest in the equity accounted investee.

The Consolidated Financial Statements include the Group's share of profit net of tax and equity movements of equity accounted investees from the date that significant influence commences until the date significant influence ceases. When the Group's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations or has made payments on behalf of the investee.

The Financial Statements of the equity accounted investees are prepared for the same reporting period as the Group. After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the equity accounted investee and its carrying value and recognizes the amount in the share of profit of an equity accounted investee, in the Statement of Profit or Loss.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

In the Company level, investments in subsidiaries and associates are recognized at cost.

3.4 Current Versus Non-current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- ◇ Expected to be realized or intended to be sold or consumed in normal operating cycle.
- ◇ Held primarily for the purpose of trading.
- ◇ Expected to be realized within twelve months after the reporting period.

Or

- ◇ Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ◇ It is expected to be settled in normal operating cycle.
- ◇ It is held primarily for the purpose of trading.
- ◇ It is due to be settled within twelve months after the reporting period.

Or

- ◇ It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 Fair Value Measurement

The Group measures financial instruments and non-financial assets at fair value at each Statement of Financial Position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- ◇ Managed Consumable Biological Assets - Note 16.2.1.
- ◇ Produce Growing on Bearer Biological Assets - Note 16.3.
- ◇ Equity investment at fair value through OCI, which are financial instruments - Note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ◇ In the principal market for the asset or liability.

Or

- ◇ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ◇ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ◇ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ◇ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.6 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to Statement of Profit or Loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or Statement of Profit or Loss are also recognized in OCI or Statement of Profit or Loss, respectively).

3.7 Cash Dividend and Non-cash Distribution to Equity Holders of the Parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized, and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

3.8 Property, Plant & Equipment

The Group applies the requirements of LKAS 16 on 'Property, Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

3.8.1 Basis of Recognition

Property, Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.8.2 Measurement

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.



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3.8.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

The amount so capitalized and the capitalization rates are disclosed in Notes to the Financial Statements.

3.8.4 Cost of Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include the cost of replacing part of the Property, Plant and Equipment and borrowing costs for long terms construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Profit or Loss Statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

3.8.5 Leases

The Group assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognises lease liability to make lease payments and right to use of assets representing the right to use the underlying assets.

3.8.5.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.8.5.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because of the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.8.6 Derecognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 when the asset is derecognized.



3.8.7 Land Development Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

Permanent impairments to land development costs are charged to the Profit and Loss Statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.8.8 Biological Assets

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

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

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

3.8.8.1 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property, Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations.

These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

3.8.8.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

3.8.8.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Profit or Loss Statement.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs’.

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

The amount so capitalised and the capitalisation rates are disclosed in Notes to the Financial Statements.

3.8.8.4 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 16.2.

The main variables in DCF model concerns.

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

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



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Permanent impairments to Biological Assets are charged to the Profit or Loss Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.8.8.5 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.8.9 Depreciation and Amortisation

a) Depreciation

Depreciation is recognized in Income Statement on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

Asset Categories	No. of Years	Rate (%)
Buildings & Roads	40	2.50
Plant & Machinery	12	8.00
Furniture and Fittings	10	10.00
Motor Vehicle	05	20.00
Equipment	08	12.50
Computer Accessories	08	12.50
Right of Use Building	02	50.00

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Mature Plantations - Tea	33	3.33
- Rubber	20	5.00
- Coconut	50	2.00
- Oil Palm	20	5.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

(b) Amortisation

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

	No. of Years	Rate (%)
Right of Use Land	23	4.35 (Over the remaining lease period)
Improvements to land	30	3.33
Mature Plantations (Tea & Rubber)	30	3.33
Machinery	15	6.67

3.8.10 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of Profit or Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.



3.8.10.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- ◇ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- ◇ Its intention to complete and its ability and intention to use or sell the asset.
- ◇ How the asset will generate future economic benefits.
- ◇ The availability of resources to complete the asset.
- ◇ The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.9.1 Financial Assets

3.9.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by Regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include Cash & bank, trade and other receivable and amount due from related parties.

3.9.1.2 Subsequent Measurement

For the purpose of subsequent measurement, Financial Assets are classified in four categories.

- ◇ Financial assets at amortized cost (Debt Instruments)
- ◇ Financial assets at fair value through OCI with recycling of cumulative gains and losses (Debt Instruments)
- ◇ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ◇ Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (Debt Instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- ◇ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

And

- ◇ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Group's financial assets at amortised cost includes Trade Receivables and Amounts Due from Related Parties, Deposits, Advance, and Other Receivables.

b) Financial assets at fair value through OCI (Debt Instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- ◇ The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

And

- ◇ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss. The Group does not have any debt instruments at fair value through OCI.

c) Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group has opted to classify investment in shares Richard Pieris Finance Ltd under Financial assets at fair value through OCI.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the



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purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.9.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- ◇ The rights to receive cash flows from the asset have expired.
- ◇ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.9.1.4 Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been

a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.9.2 Financial liabilities

3.9.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. Loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities includes Trade and Other Payables, Bank overdraft, Loans and Borrowings.

3.9.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

- a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

- b) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, income tax payable and amounts due to related parties.

3.9.2.3 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.9.3 Offsetting of Financial Instruments



Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.10 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, Company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the Company uses the following price formulas.

- ◇ Tea - Bought leaf rate (current month) less cost of harvesting & transport.
- ◇ Rubber - Latex price (95% of current RSS1 Price) less cost of tapping & transport.
- ◇ Oil Palm - Bought Mill NSA less cost of harvesting & transport.
- ◇ Coconut - Farm Gate rate (current month) less cost of harvesting & transport.

3.11 Inventories

Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

Finish goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

Input Material, Spares and Consumables

At actual cost on weighted average basis.

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.13 Impairment of Non-Financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.



NOTES TO THE FINANCIAL STATEMENTS

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss Statement net of any reimbursement.

3.15 Employees Benefits

(a) Defined Contribution Plans - Provident Funds and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit and loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the "Projected Unit Credit" method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past service costs are recognised immediately in the Statement of Profit or Loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with "LKAS 19 - Employee Benefits". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 26.

3.16 Capital Commitments and Contingencies

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

3.17 Events occurring after the date of Financial Position

All material post events occurring after the date of financial position have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.18 Earnings per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Deferred Income

3.19.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows:

Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings	40 years
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Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

3.20 Profit or Loss Statement

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted, as it represents fairly the elements of the group's performance.



3.20.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is recognised upon satisfaction of performance obligation.

The Group is in the business of cultivation, manufacture and sale of black tea, rubber, and other crops (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

3.20.1.1 Revenue from contracts with customers

Sale of Plantation Produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods are transferred to the customer. Black tea and Rubber produce are sold at the Colombo Tea/Rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Group's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

3.20.1.2 Other Source of Income

Revenue recognition criteria for the other source of income as follows.

a) Rental Income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

b) Dividend Income

Dividend income is recognized when the right to receive payment is established.

c) Interest Income

Interest income is recognized based on effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as other income.

3.20.2 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the period.

3.20.2.1 Financing Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Foreign currency gains and losses are reported on a net basis.

3.20.3 Taxes

3.20.3.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.20.3.2 Surcharge Tax

The tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note no.12.4 on Income Taxes.

3.20.3.3 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- ◆ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ◆ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



NOTES TO THE FINANCIAL STATEMENTS

- ◇ Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- ◇ When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ◇ In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

3.21 Statement of Cash Flows

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

3.22 Segment Reporting

Segmental information is provided for the different business segments of the Company Business Segmentation has been determined based on the nature of goods provided by the Company after considering the risk and rewards Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Company is primarily engaged in the production of tea, rubber and coconuts which are multiple business segment.

The Company evaluates the performance of its geographical segments. Therefore, geographical segments have been presented.

The activities of the segments are described in Note 06 in the Notes to the Financial Statements. The group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest-bearing loans, borrowings, and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of Group's Consolidated Financial Statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:



4.1 Taxation

Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019. In addition to above the prevailing tax rate up to 31 December 2022 was 14%. This was increased with effect from 01 October 2022 to 30%. As per tax amendment issued by IRD, companies have to allocate business income based on pro-rata basis for 06 months and 06 months periods. Accordingly, where applicable, the Company has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates.

Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. As per the Inland Revenue (Amended) bill issued on 18.03.2021, Company is identified Separately business income as Agro Farming & Agro Processing for the purpose of calculating income tax liability therefore, the Company has separated assets and liabilities as at 31 March 2024 as Agro Farming and Agro Processing for the deferred tax purpose.

The details of deferred tax computation are given in Note 28 to the Financial Statements.

4.2 Retirement Benefit Obligations

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 26.

4.3 Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and non-financial assumptions. The growth of the

trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 16.2.1.

4.3.1 Impairment of Non-Financial Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

4.5 Leases - Estimating the Incremental Borrowing Rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).



NOTES TO THE FINANCIAL STATEMENTS

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

5.1 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Company.

5.2 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Company.

5.3 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Company.

5.4 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace

SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- ◇ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ◇ A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted; provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Company.

5.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Company.



6. REVENUE

6.1 Summary

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Sale of Goods				
Rubber	2,337,512	3,351,652	2,337,512	3,351,652
Tea	1,386,010	1,725,740	1,386,010	1,725,740
Coconut	70,195	59,499	70,195	59,499
Oil Palm	59,315	39,250	59,315	39,250
Other Crops	209	1,081	209	1,081
Sale of Rubber Trees	53,867	117,715	53,867	117,715
Total Revenue	3,907,108	5,294,938	3,907,108	5,294,938

6.2 Operating Segments

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Geographical Segments - Revenue				
Local Revenue	3,757,421	4,996,570	3,757,421	4,996,570
Export Revenue	149,687	298,368	149,687	298,368
Total Revenue	3,907,108	5,294,938	3,907,108	5,294,938



NOTES TO THE FINANCIAL STATEMENTS

6.3 Business Segments

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Rubber				
Revenue	2,337,512	3,351,652	2,337,512	3,351,652
Revenue Expenditure	(1,913,691)	(2,552,850)	(1,913,691)	(2,552,850)
Depreciation & Amortisation	(148,001)	(133,739)	(148,001)	(133,739)
Other Non Cash Expenditure - Gratuity	(68,852)	(71,566)	(68,852)	(71,566)
Segment Result - Gross Profit	206,966	593,497	206,966	593,497
Tea				
Revenue	1,386,010	1,725,740	1,386,010	1,725,740
Revenue Expenditure	(1,277,679)	(1,298,400)	(1,277,679)	(1,298,400)
Depreciation & Amortisation	(41,305)	(36,992)	(41,305)	(36,992)
Other Non Cash Expenditure - Gratuity	(38,077)	(27,777)	(38,077)	(27,777)
Segment Result - Gross Profit	28,949	362,571	28,949	362,571
Coconut				
Revenue	70,195	59,499	70,195	59,499
Revenue Expenditure	(52,584)	(36,444)	(52,584)	(36,444)
Segment Result - Gross Profit	17,611	23,055	17,611	23,055
Oil Palm				
Revenue	59,315	39,250	59,315	39,250
Revenue Expenditure	(32,745)	(18,658)	(32,745)	(18,658)
Segment Result - Gross Profit	26,570	20,592	26,570	20,592
Other Crops				
Revenue	209	1,081	209	1,081
Revenue Expenditure	(1)	(90)	(1)	(90)
Segment Result - Gross Profit	208	991	208	991
Sale of Rubber Trees				
Revenue	53,867	117,715	53,867	117,715
Revenue Expenditure	(59)	-	(59)	-
Segment Result - Gross Profit	53,808	117,715	53,808	117,715
Total Segments				
Revenue	3,907,108	5,294,938	3,907,108	5,294,938
Revenue Expenditure	(3,276,759)	(3,906,442)	(3,276,761)	(3,906,442)
Depreciation & Amortisation	(189,306)	(170,731)	(189,306)	(170,731)
Other Non Cash Expenditure - Gratuity	(106,929)	(99,342)	(106,929)	(99,342)
Total Segment Results - Gross Profit	334,112	1,118,422	334,112	1,118,422



	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Total Segment Results - Gross Profit	334,112	1,118,422	334,112	1,118,422
Gain/(Loss) on fair value of biological assets	16,275	5,126	16,275	5,126
Other Income	142,628	106,696	140,171	104,356
Administrative Expenses	(64,432)	(72,460)	(63,976)	(72,171)
Impairment Loss	(3,598)	(3,536)	-	-
Management Fee	(53,266)	(168,911)	(53,266)	(168,911)
Finance Income	(6,208)	259,854	(6,208)	259,854
Finance Cost	(231,488)	(228,904)	(231,488)	(228,904)
Share of Result of Associates	(320,693)	131,301	-	-
Profit/(Loss) Before Tax	(186,671)	1,147,589	135,618	1,017,772
Tax expense				
Income Tax	27,880	(77,365)	-	(8,846)
Deferred Tax	(114,385)	(319,068)	(114,385)	(319,068)
Profit/(Loss) After Tax	(273,176)	751,156	21,234	689,858

6.4 Business Segments - Assets

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Non Current Assets				
Rubber	2,681,552	2,358,489	2,681,552	2,358,489
Tea	925,491	527,520	925,491	527,520
Other Crops	671,832	518,743	671,832	518,743
Unallocated	3,091,981	3,527,131	1,845,245	2,045,122
Total Non Current Assets	7,370,856	6,931,883	6,124,120	5,449,874
Current Assets				
Rubber	1,053,846	650,102	1,053,846	650,102
Tea	332,320	182,790	332,320	182,790
Other Crops	37,094	40,129	37,094	40,129
Unallocated	278,198	826,264	299,162	853,134
Total Current Assets	1,701,459	1,699,285	1,722,422	1,726,155

6.5 Business Segments - Liabilities

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Non Current Liabilities				
Rubber	93,804	188,390	93,804	188,390
Tea	312,245	352,038	312,245	352,038
Other Crops	229,166	162,301	229,166	162,301
Unallocated	1,764,802	1,588,581	1,764,802	1,588,581
Total Non Current Liabilities	2,400,017	2,291,310	2,400,017	2,291,310
Current Liabilities				
Rubber	203,001	192,877	203,001	192,877
Tea	146,227	143,621	146,227	143,621
Other Crops	19,726	21,145	19,726	21,145
Unallocated	1,440,051	744,731	1,430,038	738,623
Total Current Liabilities	1,809,006	1,102,374	1,798,993	1,096,265



NOTES TO THE FINANCIAL STATEMENTS

6.6 Segment Capital Expenditure

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Rubber	447,043	412,932	447,043	412,932
Tea	69,344	43,666	69,344	43,666
Coconut	38,698	35,076	38,698	35,076
Unallocated	75,441	73,327	75,441	73,327
Total Capital Expenditure	630,526	565,001	630,526	565,001

6.7 Segement Cash Flow Activities

6.7. a Group

	Rubber		Tea		Other Crops		Unallocated		Total Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Operating Activities	177,347	238,200	24,806	145,518	38,036	17,915	46,107	47,245	286,297	448,879
Investing Activities	(413,826)	(397,732)	(69,344)	(43,666)	(38,698)	(35,076)	(38,325)	100,673	(560,193)	(375,802)
Financing Activities	(20,881)	(72,034)	(32,255)	(93,646)	(17,511)	(34,659)	(225,474)	(440,838)	(296,121)	(641,176)
Net Increase/ (Decrease) in Cash & Cash Equivalents	(257,360)	(231,566)	(76,793)	8,206	(18,173)	(51,820)	(217,691)	(292,920)	(570,017)	(568,099)

6.7. b Company

	Rubber		Tea		Other Crops		Unallocated		Total Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Operating Activities	177,347	238,200	24,806	145,518	38,036	17,915	46,107	47,245	286,296	448,878
Investing Activities	(413,826)	(397,732)	(69,344)	(43,666)	(38,698)	(35,076)	(38,325)	100,673	(560,193)	(375,802)
Financing Activities	(20,931)	(72,163)	(32,332)	(93,815)	(17,552)	(34,721)	(225,305)	(440,477)	(296,121)	(641,176)
Net Increase/ (Decrease) in Cash & Cash Equivalents	(257,410)	(231,696)	(76,870)	8,037	(18,214)	(51,882)	(217,523)	(292,559)	(570,017)	(568,099)

7. OTHER INCOME

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Amortisation of Capital Grants/Subsidy	13,745	12,697	13,745	12,697
Sundry Income	128,883	93,999	126,426	91,660
Total Other Income	142,628	106,696	140,171	104,356

There are no unfulfilled conditions or contingencies attached to the grants.

**8. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING FOLLOWING**

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Auditors' Remuneration	5,809	5,319	5,809	5,319
Depreciation & Amortization	189,545	172,725	189,545	172,725
Directors' Remuneration	800	800	800	800
Defined Benefit Plan Cost	106,929	99,342	106,929	99,342
Defined Contribution Plans - EPF & ETF	169,592	162,068	169,592	162,068
Others - Staff Cost	1,125,745	1,043,938	1,125,745	1,043,938

9. FINANCE INCOME

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Exchange Gain/ (Loss)	(26,871)	203,590	(26,871)	203,590
Interest income from Treasury Bills, Savings and FDs	20,663	56,264	20,663	56,264
Total Finance Income	(6,208)	259,854	(6,208)	259,854

10. FINANCE COST

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Overdraft Interest	86,912	24,306	86,912	24,306
Lease Interest on JEDB Lease	105,278	71,345	105,278	71,345
Interest on Lease Liabilities (right-of-use assets) - SLFRS 16	376	376	376	376
Term Loan Interest	97,149	181,774	97,149	181,774
	289,715	277,800	289,715	277,800
Less: Interest Capitalised	(58,227)	(48,896)	(58,227)	(48,896)
Total Finance Cost	231,488	228,904	231,488	228,904



NOTES TO THE FINANCIAL STATEMENTS

11. SHARE OF RESULT OF ASSOCIATES

The Group can influence upto 35.11% of the voting rights of the Richard Pieris Natural Foams Ltd and upto 40.29% of the voting rights of the Arpico Insurance PLC.

The Group's share of the income of the entities for the years ending 31 March 2024 and 2023, which are accounted under the Equity Method are as follows.

11.1 Statement of Profit or Loss

	Group	
	2024 Rs. '000	2023 Rs. '000
Richard Pieris Natural Foams Ltd		
Group's Share of Profit Before Tax	(47,612)	83,373
Tax on Associate Results	28,810	(41,997)
Group Share of Profit After Tax	(18,802)	41,376
Arpico Insurance PLC		
Group's Share of Profit Before Tax	(273,081)	47,928
Tax on Associate Results	(930)	(26,522)
Group Share of Profit After Tax	(274,011)	21,406
Total Group Share of Result		
Group's Share of Profit Before Tax	(320,693)	131,301
Tax on Associate Results	27,880	(68,519)
Group Share of Profit After Tax	(292,813)	62,782

**11.2 Statement of Other Comprehensive Income (OCI)**

	Group	
	2024 Rs. '000	2023 Rs. '000
Richard Pieris Natural Foams Ltd		
Gain/(Loss) on Actuarial Valuation	(4,043)	1,984
Income Tax Effect	1,213	(595)
Group Share of Other Comprehensive Income/(Loss)	(2,830)	1,388
Arpico Insurance PLC		
Net Gain/(Loss) on FVTOCI financial assets	63,969	(39,600)
Group Share of Other Comprehensive Income/(Loss)	63,969	(39,600)
Total Group Share of Result		
Gain/(Loss) on Actuarial Valuation	(4,043)	1,984
Net Gain/(Loss) on FVTOCI financial assets	63,969	(39,600)
Income Tax Effect	1,213	(595)
Total	61,138	(38,212)

12. CURRENT TAX EXPENSES**12.1 Statement of Profit or Loss**

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
(I) Current Income Tax:				
Current income tax charge/(reversal)	(27,880)	77,365	-	8,846
(II) Deferred Tax (Note 28.1):				
Relating to origination and (reversal) of temporary differences	114,385	319,071	114,385	319,071
Differed Tax Adjustment for prior year	-	(3)	-	(3)
Income Tax charge/(reversal) reported in Statement of Profit or Loss	86,505	396,433	114,385	327,914

12.2 Statement of Other Comprehensive Income (OCI)

Deferred tax relating to items (charges)/credited directly to OCI during the year:

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Net gain/(loss) on actuarial gains and losses on defined Benefit Plans (Note 28.1)	10,195	4,135	10,195	4,135
Net gain/(loss) on fair value through OCI financial assets (Note 28.1)	5,652	733	5,652	733
Income Tax charge directly to Other Comprehensive Income	15,847	4,868	15,848	4,868



NOTES TO THE FINANCIAL STATEMENTS

12.3 Reconciliation between Current Tax Expense and Accounting Profit/(Loss)

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Accounting Profit/(Loss) Before Tax	(186,671)	1,147,589	135,618	1,017,772
Aggregate Disallowed Items	440,490	359,927	440,490	359,927
Aggregate Allowable Items	(797,530)	(907,574)	(797,530)	(907,574)
Total Statutory Income/(Loss)	(543,711)	599,941	(221,422)	470,125
Statutory Income from Agro Farming	(141,572)	516,679	(141,572)	516,679
Statutory Income from Agro Processing	(79,850)	(46,555)	(79,850)	(46,555)
	(221,422)	470,125	(221,422)	470,125
Tax exempt income from Agro Farming/Interest	(137,442)	526,664	(137,442)	526,664
Dividend Income	-	-	-	-
Interest Income	16,533	46,280	16,533	46,280
Total tax exempt income	137,442	(526,664)	137,442	(526,664)
Tax refund claimed during the year	(16,533)	(46,280)	(16,533)	(46,280)
Total Assessable Income/Taxable Income	-	-	-	-
Income Tax @ 24%	-	-	-	-
Income Tax @ 30%	-	-	-	-
Income Tax on Current Year Profits	-	-	-	-
ESC write off	-	8,846	-	8,846
	-	8,846	-	8,846
Share of Equity Accounted Investees' Income Tax Expenses/(Reversal)	(27,880)	68,519	-	-
Current Income Tax Expenses/(Reversal)	(27,880)	77,365	-	8,846
Details of Business Losses Carried Forward				
Loss Brought Forward	1,305,898	1,259,344	1,305,898	1,259,344
Loss incurred during the year	79,850	46,555	79,850	46,555
Loss Appropriate during the year	-	-	-	-
Loss Carried Forward	1,385,749	1,305,898	1,385,749	1,305,898



13. EARNINGS PER SHARE

13.1 The calculation of the basic earnings per share is based on after tax profit for the year divided by the weighted average number of Ordinary Shares outstanding during the period.

13.2 The following reflects the income and share data used in the basic earnings per share computations.

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Amounts used as the Numerator :				
Net profit applicable to Ordinary Shareholders for basic earnings per share	(273,175)	751,156	21,234	689,858
	(273,175)	751,156	21,234	689,858
Amounts used as the Denominator :				
Weighted average number of Ordinary Shares in issue applicable to basic earnings per share	25,000	25,000	25,000	25,000
	25,000	25,000	25,000	25,000
Earnings/(Loss) Per Share (EPS) - Rs.	(10.93)	30.05	0.85	27.59

13.3 Dividend Per Share

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interim Dividend - Rs. 3.50 per share (Rs. 7.00 for the year 2022/23)	87,500	175,000	87,500	175,000
Dividend Per Share (DPS) - Rs.	3.50	7.00	3.50	7.00

Interim dividend of Rs. 3.50 per share for the financial year ended 31 March 2024 was declared on 05 March 2024 and was paid on 04 April 2024.

14. RIGHT OF USE ASSESTS

As at 31 March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Right of use of land	14.1	710,355	478,591	710,355	478,591
Right of use asset - Building	14.2	1,936	1,936	1,936	1,936
Right of use Immovable leased bearer biological assets	14.3	9,037	17,581	9,037	17,581
Right of use Immovable Leased assets (other than right of use land and bearer biological assets)	14.4	5	5	5	5
		721,334	498,113	721,334	498,113

14.1 Right Of Use of Land (Revalued)

"Right Of Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, SLFRS 16 was applicable with effect from 01 January 2019, and therefore, above "Right-To-Use of Land " has accounted in accordance with SLFRS 16 with effect from 01 April 2019. "Right Of Use of Land" have been executed for all estates for a period of 53 years. The Unexpired period of the lease as at the statement of Financial Position date is 22 years.

The effect to the Statement of Financial Position and amortization of the right to use of land up to 31 March 2024 are as follows:



NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Capitalised Value				
As at 01 April 2023	558,533	518,352	558,533	518,352
Adjustment on Reassessment of lease Liability at 01st April 2023	265,591	40,182	265,591	40,182
As at 31 March 2024	824,124	558,533	824,124	558,533
Amortisation				
As at 01 April 2023	79,942	58,188	79,942	58,188
Amortization charge for the year	33,826	21,754	33,826	21,754
As at 31 March 2024	113,769	79,942	113,769	79,942
Carrying amount	710,355	478,591	710,355	478,591

14.2. Right of use asset - Building

Kegalle Plantations PLC (Head Office) as a tenant, occupying a building which belongs to Richard Pieris & Company PLC (Ultimate Parent). The effect to the Statement of Financial Position and depreciation of building to 31 March 2024 are as follows:

	Group / Company	
	2024 Rs. '000	2023 Rs. '000
As at 01 April	8,817	6,881
Effect of adoption SLFRS 16, as at 01 April 2023	-	-
Additions	1,936	1,936
As at 31 March	10,753	8,817
Amortisation		
As at 01 April	6,881	5,121
Amortization charge for the year	1,936	1,760
As at 31 March	8,817	6,881
Carrying amount	1,936	1,936

14.3. Right of use Immovable leased bearer biological assets

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka which prevailed at the time of privatisation of Plantation Estates, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 22 June 1992. For this purpose the Board decided at its meeting on March 8, 1995 that these assets would be taken at their book values as they appear in the books of the Sri Lanka State Plantation Corporation (SLSPC), on the day immediately preceding the date of formation of the Company. These assets are taken into the 22 June 1992 Statements of Financial Position and the amortisation of immovable estate assets to 31 March 2024 are as follows.

	Group		Company	
	Mature Plantations		Mature Plantations	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Capitalised Value as at 22nd June, 1992	262,680	262,680	262,680	262,680
Accumulated Amortisation				
As at 01 April 2023	245,099	236,503	245,099	236,503
Amortisation for the year	8,544	8,596	8,544	8,596
As at 31 March 2024	253,643	245,099	253,643	245,099
Carrying amount	9,037	17,581	9,037	17,581



Investment in Immature Plantations at the time of handing over to the Company as at 22 June, 1992 by way of estate leases were shown under Immature Plantations.

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea and rubber were classified as bearer biological assets in terms of LKAS 16 - Property, Plant & Equipment. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 16.1

14.4. Right-of-use Immovable Leased Assets (other than right-to-use of land and bearer biological assets)

	Group				Company			
	Improvement to Land Rs. '000	Buildings Rs. '000	Plant & Machinery Rs. '000	Total Rs. '000	Improvement to Land Rs. '000	Buildings Rs. '000	Plant & Machinery Rs. '000	Total Rs. '000
Capitalised Value as at 22.06.1992	192	53,935	24,289	78,415	192	53,935	24,289	78,415
Amortisation								
Accumulated Amortisation as at 01.04.2023	187	53,935	24,289	78,411	187	53,935	24,289	78,411
Amortisation for the year	-	-	-	-	-	-	-	-
Accumulated Amortisation as at 31.03.2024	187	53,935	24,289	78,411	187	53,935	24,289	78,411
Written down value as at 31.03.2024	5	-	-	5	5	-	-	5
Written down value as at 31.03.2023	5	-	-	5	5	-	-	5

Note:

The useful lives as follows;

Mature plantations/improvement to land	30 years
Buildings	25 years
Machinery	15 years

15. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

	Group				Company			
	Balance as at 01.04.2023 Rs. '000	Additions for the year Rs. '000	Disposals / Adjustment during the year Rs. '000	Balance as at 31.03.2024 Rs. '000	Balance as at 01.04.2023 Rs. '000	Additions for the year Rs. '000	Disposals / Adjustment during the year Rs. '000	Balance as at 31.03.2024 Rs. '000
Cost/Valuation								
Buildings	114,450	5,694	-	120,144	73,900	5,694	-	79,594
Motor Vehicles	155,901	2,875	-	158,776	155,901	2,875	-	158,776
Furniture & Fittings	5,874	-	-	5,874	5,797	-	-	5,797
Equipment	69,640	9,118	-	78,757	68,967	9,118	-	78,085
Water Sanitation	2,473	-	-	2,473	2,473	-	-	2,473
Computers & Computer Software	22,653	1,738	-	24,391	22,275	1,738	-	24,013
Plant & Machinery	574,413	88,384	-	662,797	505,382	88,384	-	593,766
Other Assets on Grants	214,647	-	-	214,647	214,647	-	-	214,647
	1,160,051	107,808	-	1,267,859	1,049,343	107,808	-	1,157,151



NOTES TO THE FINANCIAL STATEMENTS

15. FREEHOLD PROPERTY, PLANT AND EQUIPMENT CONTD.

	Group				Company			
	Balance as at 01.04.2023	Charge for the Year	Disposal/ Impairment Loss during the year	Balance as at 31.03.2024	Balance as at 01.04.2023	Charge for the Year	Disposal/ Impairment Loss during the year	Balance as at 31.03.2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Depreciation								
Buildings	67,133	1,713	1,640	70,486	32,586	1,713	-	34,299
Motor Vehicles	152,536	(373)	-	152,163	152,536	(373)	-	152,163
Furniture & Fittings	4,074	48	-	4,122	4,022	48	-	4,071
Equipment	58,492	1,536	-	60,028	58,199	1,536	-	59,735
Water Sanitation	2,332	30	-	2,362	2,332	30	-	2,362
Computers & Computer Software	19,032	1,407	-	20,439	18,524	1,407	-	19,931
Plant & Machinery	375,308	17,640	1,958	394,906	314,248	17,640	-	331,888
Other Assets on Grants	131,064	5,948	-	137,012	131,064	5,948	-	137,012
	809,971	27,949	3,598	841,517	713,512	27,949	-	741,461
Written Down Value	350,080			426,342	335,830			415,690

The group has been recognized Rs. 3,598,000/- impairment loss for the 2023/24 financial year (Rs. 3,536,000/- 2022/23) which was allocated Rs. 1,958,000/- to Plant & Machinery and Rs. 1,640,000/- to Building. The valuation for the Property, Plant & Equipments has been carried out by the Messrs. A.Y. Daniel & Son.

	Group				Company			
	Balance as at 01.04.2023	Additions for the year	Capitalised/ Transfer during the Year	Balance as at 31.03.2024	Balance as at 01.04.2023	Additions for the year	Capitalised/ Transfer during the Year	Balance as at 31.03.2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital Work-in-Progress								
Work-in-Progress	432,458	538	-	432,995	432,458	538	-	432,995
Total Written Down Value	782,538			859,337	768,288			848,685

The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of the Company (22 June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Notes 14.

Further, the valuation of immovable JEDB estate assets on finance lease (other than leasehold land) and tangible assets other than immature/mature plantations taken over as at June 22, 1992 is based on net book value as at such date. These values were not available to Company by individual asset.

No borrowing costs have been capitalised into Capital Work-in-Progress.

Depreciation expense amounts to Rs. 27,948,783/- (2022/23 - Rs. 26,815,243/-) has been charged in cost of sales and Rs. 238,998/- (2022/23 - Rs. 233,672/-) in administrative expenses.

15(a). **Capital Work-in-Progress (Rs. '000)**

	Project Rs. '000	Others Rs. '000	Total Rs. '000
Total work-in-progress as at 01/04/2023	431,144	1,313	432,458
Incurred during the Year	538	-	538
Total Capital Work-in-Progress as at 31/03/2024	431,682	1,313	432,996

The project will be for the construction of a building by the Company & renting out the floor area & other production related services to Arpitech (Pvt) Ltd for its manufacturing of latex & polyurethane foam mattresses for a conversion fee. Arpitech (Pvt) Ltd is a subsidiary Company of Richard Pieris and Company PLC and under Arpico Group of Companies.

Kegalle Plantations PLC will be investing on this project in view of the Company policy for diversifying its operations for the new income generating projects thus uplifting the rural economy in meeting with future requirements.

Location	: Serapis Division, Eadella Estate, Polgahawela
Total Project Cost (Rs.)	: 450,000,000/-
Means of finance	: Company owned funds
Project Manager	: Arpico Construction (Pvt) Ltd
Main Contractor	: Mavik Enterprises (Pvt) Ltd

16. BIOLOGICAL ASSETS - GROUP/COMPANY**16.1 Bearer Biological Assets- Group/Company**

16.1.1 Immature Plantations	Tea	Rubber	Coconut	Oil-Palm & Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost					
At the beginning of the year 01.04.2023	73,701	1,146,208	55,381	231,270	1,506,560
Additions	1,081	407,698	38,698	51,949	499,426
Transfers	(330)	(102,369)	(427)	(121,602)	(224,728)
At the end of the year 31.03.2024	74,452	1,451,537	93,652	161,616	1,781,258
Cost as at 31.03.2024	74,452	1,451,537	93,652	161,616	1,781,258
Cost as at 01.04.2023	73,701	1,146,208	55,381	231,270	1,506,560



NOTES TO THE FINANCIAL STATEMENTS

16.1.2 Mature Plantations	Tea	Rubber	Coconut	Oil-Palm & Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost					
At the beginning of the year 01.04.2023	364,233	2,099,484	61,868	232,910	2,758,495
Additions	-	-	-	-	-
Transfers	330	102,369	427	121,602	224,728
At the end of the year 31.03.2024	364,563	2,201,853	62,295	354,512	2,983,223
Depreciation					
At the beginning of the year 01.04.2023	150,123	826,098	8,388	20,320	1,004,929
Charge for the year	15,404	95,230	1,426	7,166	119,226
At the end of the year 31.03.2024	165,527	921,328	9,814	27,486	1,124,155
Written down value as at 31.03.2024	199,037	1,280,525	52,479	327,026	1,859,068
Written down value as at 31.03.2023	214,111	1,273,386	53,479	212,590	1,753,566
Bearer Biological Assets as at 31.03.2024	273,490	2,732,062	146,132	488,642	3,640,326
Bearer Biological Assets as at 31.03.2023	287,812	2,419,594	108,861	443,859	3,260,126

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 14. Further investment in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

The Company has elected to measure the bearer biological assets at cost using LKAS 16 - Property, Plant & Equipment.

Specific borrowings have been obtained to finance the planting expenditure. Hence, borrowing costs Rs. 58,226,783/- (2022/23 - Rs. 36,024,820/-) were capitalized during the year under Immature Plantations, at an average borrowing rate of 8.73% (2022/23 - 3.54%).

16.2. Consumable Biological Assets - Timber Plantations

	Group/Company	
	2024	2023
	Rs. '000	Rs. '000
As at 01 April	212,354	190,705
Increase due to development	23,292	17,532
Decrease due to harvest	(4,359)	-
Gain/(loss) fair value of Biological Assets	14,319	4,117
As at 31 March	245,605	212,354

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

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Mr. W. M. Chandrasena, Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried covering all the estates.

The future cash flows are determined by reference to current timber prices without considering the future increase of timber price.

Following associated factors are taken into consideration in determining the present value of timber prices.

**16.2. Consumable Biological Assets - Timber Plantations CONTD.****16.2.1 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)**

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average)		Relationship of Unobservable Inputs to Fair Value
			2023/24	2022/23	
Consumable Managed Biological Assets	DCF Method	Discounting Rate	17.5%	19.0%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, the higher the fair value
		Price per Cu.Ft.	Rs. 200/- to Rs. 800/- per Cu.Ft	Rs. 200/- to Rs. 800/- per Cu.Ft	The higher the price, the higher the fair value

Other key assumptions used in valuation;

1. The harvesting is approved by the Plantation Management Monitoring Division (PMMD) and Forest Department based on the forestry development plan.
2. The prices adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken into consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against their own assumptions.

Sensitivity Analysis**Sensitivity variation on sales price**

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Company	Rs. '000	Rs. '000
Managed Timber	-10%	+10%
As at 31 March 2024	(24,561)	24,561
As at 31 March 2023	(21,235)	21,235

Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that an increase or decrease by 1.5% of the discount rate has the following effect on the net present value of biological assets:

Company	Rs. '000	Rs. '000
Managed Timber	-1.5%	+1.5%
As at 31 March 2024	15,993	(7,451)
As at 31 March 2023	11,698	(10,289)



NOTES TO THE FINANCIAL STATEMENTS

16.3 Produce on Bearer Biological Assets

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 01 April - as previously reported	8,794	7,784	8,794	7,784
Change in fair value less cost to sell	1,956	1,009	1,956	1,009
At the end of the year	10,750	8,793	10,750	8,794

16.4 Gain/(Loss) on fair value of Biological Assets

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Consumable Biological Assets Gain/(loss) arising from change in fair value less cost to sell (Note 16.2)	14,319	4,117	14,319	4,117
Produce on Bearer Biological Assets Gain/(loss) arising from change in fair value less cost to sell (Note 16.3)	1,956	1,009	1,956	1,009
Total change in fair value of Biological Assets	16,275	5,126	16,275	5,126

17. FINANCIAL ASSETS

17.1 Unquoted Investment

Fair Value Through Other Comprehensive Income Financial Assets (FVTOCIFA)

		Group		Company	
		2024	2023	2024	2023
Non-Quoted Equity Shares held by the Company					
Non-Quoted Ordinary Shares of Richard Pieris Finance Ltd					
No of Shares	No	14,804	13,826	14,804	13,826
% Holding	%	7.83	7.83	7.83	7.83
Face Value Per Share	Rs.	10.00	10.00	10.00	10.00
Carrying Value as at 31 March	Rs. '000	219,143	199,080	219,143	199,080
Invested During the year	Rs. '000	13,696	27,391	13,696	27,391
Carrying Value as at 01 April	Rs. '000	232,839	226,471	232,839	226,471
Equity Value Per Share as at 31 March	Rs.	11.91	15.85	11.91	15.85
Gain/(Loss) on FVTOCI Financial Asset	Rs. '000	(56,519)	(7,328)	(56,518)	(7,328)
Carrying Value as at 31 March	Rs. '000	176,320	219,144	176,320	219,144

**17.2 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)**

Financial Asset	Valuation methodology	Unobservable inputs	Range of unobservable inputs 2024
Investment in non-quoted Ordinary Shares of Richard Pieris Finance Ltd	Market Approach (trading multiples) - Primary methodology	Price to Book Value multiple	Price to Book multiple range of 0.82 - 0.87

Key assumptions used in valuation;

1. Screening was conducted on similar companies listed on the Colombo Stock Exchange based on similarities in Net Asset Value and total Revenue.
2. Results of screening based on publicly available information as at the latest practicable date.
3. Valuation exercise was concluded on Price to Book Value multiples of identified similar Companies.

The fair value of the retained interest of the Richard Pieris Finance Ltd on initial recognition identified in profit or loss statement and Gain or Loss on subsequent fair valuation recognised in Other Comprehensive income.

17.3 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NON FINANCIAL ASSETS - CONSUMABLE BIOLOGICAL ASSETS

As at 31 March	Date of Valuation	Level 1		Level 2		Level 3	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Assets measured at fair value							
Fair Value Through OCI Financial Assets	31 March	-	-	176,320	219,143	-	-
Consumable Biological Assets - Timber	31 March	-	-	-	-	245,605	212,354
Produce on Bearer Biological Assets	31 March	-	-	10,750	8,794	-	-

18. LONG TERM INVESTMENTS**18.1 Investments in Subsidiaries****Company****Unquoted Investment****Hamefa Kegalle (Pvt) Ltd**

Initial Investment in Hamefa Kegalle (Pvt) Ltd stated at cost of Rs. 14.0 Mn. Since it was provided for diminishing in value of Rs. 14.0 Mn upto 2008, the carrying amount of investment shows no balance at the end of the year.

Directors of the Subsidiary,

Subsidiary incorporated in 2003.

- Dr. Sena Yaddehige, Chairman
- Mr. Lalith Wijesinghe, Director
- Mr. Viville Perera, Director



NOTES TO THE FINANCIAL STATEMENTS

18.2 Investments in Associates

Quoted Investment - Arpico Insurance PLC	Group		Company	
	2024	2023	2024	2023
	%	%	%	%
% Holding	40.29	40.29	40.29	40.29
	Nos '000	Nos '000	Nos '000	Nos '000
No of Shares	26,685	26,685	26,685	26,685
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carrying Value - Rs. '000	598,519	808,561	266,850	266,850

Movement of the Investment - Arpico Insurance PLC	Group	
	2024	2023
	Rs. '000	Rs. '000
At the beginning of the year	808,561	826,755
Share of Profit, net of tax	(274,011)	21,406
Share of Other Comprehensive Income/(loss), net of tax	63,969	(39,600)
Dividends Received, gross	-	-
At the end of the year	598,519	808,561

Unquoted Investment - Richard Pieris Natural Foams Ltd	Group		Company	
	2024	2023	2024	2023
	%	%	%	%
% Holding	35.11	35.11	35.11	35.11
	Nos '000	Nos '000	Nos '000	Nos '000
No of Shares	22,500	22,500	22,500	22,500
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carrying Value - Rs.	1,129,416	1,151,048	225,000	225,000

Movement of the Investment - Richard Pieris Natural Foams Ltd	Group			
	2024	2023		
	Rs. '000	Rs. '000		
At the beginning of the year	1,151,047	1,108,283		
Share of Profit, net of tax	(18,802)	41,376		
Share of Other Comprehensive Income/(loss), net of tax	(2,830)	1,388		
Dividends Received, gross	-	-		
At the end of the year	1,129,416	1,151,047		
Total investments in associates	1,727,934	1,959,609	491,850	491,850

**18.3 Other Long Term Investments**

	Group		Company	
	2024 Nos	2023 Nos	2024 Nos	2023 Nos
No of Shares				
Maskeliya Tea Garden Ceylon Ltd	1	1	1	1
Exotic Horticulture (Pvt) Ltd	1	1	1	1
Total Investment	2	2	2	2
Value	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maskeliya Tea Garden Ceylon Ltd	0.01	0.01	0.01	0.01
Exotic Horticulture (Pvt) Ltd	0.01	0.01	0.01	0.01
Total long Term Investments - Others	0.02	0.02	0.02	0.02
Long Term Investments - Total	1,727,934	1,959,609	491,850	491,850

18.4 Summarised Financial Information of Associates

Richard Pieris Natural Foams Ltd	Group	
	2024 Rs. '000	2023 Rs. '000
Revenue	4,122,654	5,869,667
Profit/(Loss) Before Tax	(135,608)	237,463
Profit/(Loss) After Tax	(53,551)	117,847
Other Comprehensive Income Profit/(Loss)	(8,061)	3,955
Total Comprehensive Income Profit/(Loss)	(61,612)	121,801
Group's Share of Profit/(Loss) Before Tax	(47,612)	83,373
Group's Share of Other Comprehensive Income/(Loss)	(2,830)	1,388
Group's Share of Total Comprehensive Income/(Loss)	(50,442)	84,762
Dividends Received, net of tax	-	-
Current Assets	3,209,400	2,358,261
Non Current Assets	3,230,593	2,698,679
Total Assets	6,439,993	5,056,940
Current Liabilities	3,762,649	2,186,040
Non Current Liabilities	173,041	304,986
Total Liabilities	3,935,689	2,491,026

The Group can influence upto 35.11% of the voting rights of the Richard Pieris Natural Foams Ltd with effective date from 31 March 2010.



NOTES TO THE FINANCIAL STATEMENTS

18.4 Summarised Financial Information of Associates CONTD.

Arpico Insurance PLC	Group	
	2024 Rs. '000	2023 Rs. '000
Revenue	2,074,699	2,133,861
Profit/(Loss) Before Tax	(677,789)	118,958
Profit/(Loss) After Tax	(680,097)	53,131
Other Comprehensive Income	158,771	-
Total Comprehensive Income/(Loss)	(521,326)	53,131
Group's Share of Profit/(Loss) Before Tax	(273,081)	47,928
Group's Share of Other Comprehensive Income	63,969	-
Group's Share of Total Comprehensive Income/(Loss)	(209,112)	47,928
Current Assets	1,138,867	1,371,269
Non Current Assets	3,786,634	3,422,702
Total Assets	4,925,501	4,793,971
Current Liabilities	445,827	513,149
Non Current Liabilities	2,997,149	2,290,906
Total Liabilities	3,442,976	2,804,055
Market Price Per Share - Close (Rs.)	24.00	22.90

The Group can influence upto 40.29% of the voting rights of the Arpico Insurance PLC with effective date from 01 April 2015.

18.5 Summarised Financial Information of Associates

	Richard Pieris Natural Foams Ltd		Arpico Insurance PLC	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Cash and cash equivalents	(886,270)	(588,006)	54,078	98,620
Trade & Other Payables	272,094	129,918	269,937	305,374
Amounts due to related Parties	1,199,569	899,979	39,827	36,909
Interest Bearing Borrowings	955,799	150,000	-	-
Liability to make lease payments	168,871	170,808	208,447	170,866
Income Tax Receivable/(Payable)	26,739	(24,903)	39,715	31,880
Retirement Benefit Obligation	27,771	30,294	17,892	19,008
Deferred Tax Asset/(Liability)	14,800	(70,712)	-	-
Depreciation	107,134	101,042	24,946	25,822
Interest Income	2,005	4,527	592,750	524,725

**19. INVENTORIES**

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Input Materials	133,619	147,828	125,749	139,957
Growing Crop - Nurseries	47,613	48,290	47,613	48,290
Produce Stocks	336,689	428,338	336,689	428,338
Spares and Consumables	35,761	46,968	35,761	46,968
	553,681	671,424	545,811	663,554
(-) Provision for slow moving stocks	(7,757)	(7,757)	-	-
	545,924	663,667	545,811	663,554

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Produce Debtors (Related Companies - Note. 20.1)	565,732	372,633	565,732	372,633
Produce Debtors (Others)	109,277	122,819	109,277	122,819
Total Produce Debtors	675,009	495,452	675,009	495,452
Advances & Prepayments	63,580	88,001	63,580	88,001
Other Debtors	95,790	83,219	94,170	80,714
	834,379	666,672	832,758	664,166

The age analysis of produce debtors is as follows;

	Neither past due nor impaired					Total Rs. '000
	0 - 7 days Rs. '000	8 - 30 days Rs. '000	31 - 90 days Rs. '000	91-364 days Rs. '000	> 365 days Rs. '000	
Balance as at 31 March 2024						
Group - Produce Debtors (Related Companies)	-	565,732	-	-	-	565,732
- Produce Debtors (Other)	109,277	-	-	-	-	109,277
Company - Produce Debtors (Related Companies)		565,732	-	-	-	565,732
- Produce Debtors (Other)	109,277	-	-	-	-	109,277

20.1 Trade Receivables From Related Companies

Relationship		Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Richard Pieris Natural Foams Ltd	Associate Company	490,826	336,069	490,826	336,069
Arpico Natural Latex Foam (Pvt) Ltd	Related Company	32,055	32,055	32,055	32,055
Richard Pieris Exports PLC	Related Company	55,088	30,903	55,088	30,903
Richard Pieris Rubber Products Ltd	Related Company	-	1,039	-	1,039
Richard Pieris Tyre Company Ltd	Related Company	6,670	-	6,670	-
Richard Pieris Distributors Ltd	Related Company	1,227	1,234	1,227	1,234
Maskeliya Tea Garden Ceylon (Pvt) Ltd	Related Company	3,219	438	3,219	438
Arpitech (Pvt) Ltd	Related Company	8,703	2,950	8,703	2,950
		597,787	404,688	597,787	404,688
(-) Provision for doubtful receivables		(32,055)	(32,055)	(32,055)	(32,055)
		565,732	372,633	565,732	372,633



NOTES TO THE FINANCIAL STATEMENTS

21. AMOUNTS DUE FROM RELATED COMPANIES

	Relationship	Group		Company	
		2024	2023	2024	2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maskeliya Plantations PLC	Related Company	12,593	19,766	12,593	19,766
Hamefa Kegalle (Pvt) Ltd	Subsidiary Company	-	-	77,588	80,512
Arpitech (Pvt) Ltd	Related Company	929	-	929	-
Richard Pieris & Company PLC	Ultimate Parent Company	-	-	-	3,867
RPC Management Services (Pvt) Ltd	Related Company	-	77	-	77
Exotic Horticulture (Pvt) Ltd	Related Company	-	18	-	18
		13,522	19,860	91,110	104,239
(-) Provision for doubtful receivables		-	-	(54,891)	(54,891)
		13,522	19,860	36,219	49,348

22. SHORT TERM INVESTMENT

	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in Treasury Bills, REPO, USD Deposits & Others	234,352	281,822	234,352	281,822
	234,352	281,822	234,352	281,822

23. CASH & CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash & Bank Balances	19,634	21,273	19,634	21,273
Bank Overdrafts (Note 25)	(699,766)	(178,858)	(699,766)	(178,858)
Short Term Investments (Note 22)	234,352	281,822	234,352	281,822
Total cash & cash equivalents for the purpose of cash flows	(445,780)	124,236	(445,780)	124,236



24. STATED CAPITAL

		Group		Company	
		2024	2023	2024	2023
Issued and Fully Paid Ordinary Shares					
Number of Ordinary Shares including one golden share held by the Treasury which has special rights	Nos '000	25,000	25,000	25,000	25,000
Number of Ordinary Shares including one golden share held by the Treasury which has special rights	Rs. '000	250,000	250,000	250,000	250,000

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the Golden Share are given in the Annual Report under the caption "Shareholder & Investor Information".

24.1 General Reserve

General Reserve represents amounts set-aside from time to time by the Directors of the Company for purpose of general application. These have been appropriated by the Board in compliance with the Articles, which provides for such amounts being set-aside for future and utilized after appropriate Board Approvals.

24.2 Timber Reserve

Timber reserve represents the fair value changes in the carrying value of managed timber plantations of the Company since 01 April 2011.

24.3 Fair Value Through Other Comprehensive Income Reserve

Fair Value Through Other Comprehensive Income Reserve represents the change in fair value of financial assets with Richard Pieris Finance Limited from the Financial Year 2015/16.



NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND BORROWINGS

Group/ Company	Repayable within 1 year Rs. '000	Repayable after one year less than five years Rs. '000	Total as at 31.03.2024 Rs. '000	Total as at 31.03.2023 Rs. '000
Long Term Loans (Note: 25.1)				
Seylan Bank PLC	100,008	166,644	266,652	366,660
Commercial Bank of Ceylon PLC	175,000	87,500	262,500	437,500
	275,008	254,144	529,152	804,160
Short Term Loans	100,000	-	100,000	100,000
Bank Overdrafts	599,766	-	599,766	78,858
	974,774	254,144	1,228,918	983,018

25.1 Long Term Loans (Secured)

Group/Company	2024			2023		Terms of Repayment
	Repayable within 1 year Rs. '000	Repayable after one year less than five years Rs. '000	Total as at 31.03.2024 Rs. '000	Total as at 31.03.2023 Rs. '000	Rate of Interest	
Commercial Bank of Ceylon PLC Rs. 700 Mn - Term Loan Facility	175,000	87,500	262,500	437,500	Fixed Rate 09%	1 Month Installment @ Rs.14,583,302 and 47 Installments @ Rs.14,583,334 commencing from 25.10.2021
Seylan Bank PLC Rs. 450 Mn - Term Loan Facility	100,008	166,644	266,652	366,660	Monthly AWPLR + 2.0%	1 Month Installment @ Rs. 8,298,000 and 53 Installments @ Rs.8,334,000 commencing from 19.12.2021
	275,008	254,144	529,152	804,160		
Short Term Loans	100,000	-	100,000	100,000		
Bank Overdrafts	599,766	-	599,766	78,858		
	974,774	254,144	1,228,918	983,018		

**26. RETIRING BENEFIT OBLIGATIONS**

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Provision for retiring gratuity				
At the beginning of the year	447,967	443,213	447,967	443,213
Interest Cost	76,154	64,266	76,154	64,266
Current Service Cost	30,775	35,076	30,775	35,076
Gratuity Payments for the year	(129,606)	(108,373)	(129,606)	(108,373)
Actuarial (Gain)/Loss arising from Changes in Financial Assumptions	(16,156)	(36,958)	(16,156)	(36,958)
Actuarial (Gain)/Loss arising from Experience Adjustments	50,138	50,743	50,138	50,743
At the end of the year	459,272	447,967	459,272	447,967

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

Use of Discount Rate under the uncertain economic conditions**Adopting Method :**

Company used Projected Unit Credit Method (PUC) as the method of valuation. The PUC is the benchmark method recommended by Sri Lanka Accounting Standard as per LKAS 19.

Input used for the Valuation

Basic input data used for the retirement benefit obligation is employee date who were expected to be in service as at 31st March 2024. Such as retirement Age, Wage Rate etc. This input data mainly used to conduct the valuation.

Assumptions used for valuation

In order to carry out the valuation, there are two main assumptions regarding the future experience and trends of two groups of elements.

i. Demographic Assumptions -

This assumptions covers item such as mortality rates, ill health retirement rate and staff turnover rate and these are generally referred to as the demographic assumptions. Sudden Changes in these are rare and the past experience can provide a reasonable guide to the future.

ii. Financial Assumptions -

This assumption covers the financial elements such as the rate of increase in salaries/Wages, the rate of discount (i.e. the rate of interest used to discount future cash flows in order to determine the present value). The assumptions regarding the financial elements , of necessity, have to be based on more general considerations of long-term economic trends and outlook.

According to the actuarial valuation report issued by the Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2024, the actuarial present value of promised retirement benefits amounted to Rs. 459,272,358/-. If the Company had provided for gratuity on the basis of 14 days wages & half month salary for each completed year of service, the liability would have been Rs. 673,576,628/-.

The Present Value of Retirement Benefit Obligation is carried on annual basis.



NOTES TO THE FINANCIAL STATEMENTS

The following payments are expected from the defined benefit plan obligation in future years.

Future Working Life Time	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Within the next 12 months	95,239	93,430	95,239	93,430
Between 2 and 5 years	142,838	136,355	142,838	136,355
Beyond 5 years	221,195	218,183	221,195	218,183
Total Retiring Benefit Obligation	459,272	447,967	459,272	447,967

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is as follows.

Weighted Average Duration	2024	2023
Workers	7 years	6.73 years
Staff	7 years	6.18 years

The key assumptions used by Messrs. Actuarial & Management Consultants (Pvt) Ltd when determining the retirement benefit obligations are as follows.

Key Assumptions	2024	2023
i) Rate of discount	13.00% (per annum)	17.00% (per annum)
ii) Rate of salary increase		
Workers	08% (every year)	10% (every year)
Staff	08% (per annum)	10% (per annum)
iii) Retirement age		
Workers	60 years	60 years
Staff	60 years	60 years
Executives & Head Office Staff	60 years	60 years
IV) The Company will continue as a going concern.		

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

Sensitivity Analysis - Salary/Wage Escalation Rate

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

Company	Workers		Staff	
	+1%	-1%	+1%	-1%
A one percentage point change in the discount rate	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 31 March 2024	(23,689)	26,788	(4,045)	4,573
As at 31 March 2023	(21,281)	23,842	(3,056)	3,417
A one percentage point change in the salary/wage increment rate	+1%	-1%	+1%	-1%
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 31 March 2024	27,101	(24,283)	5,033	(4,504)
As at 31 March 2023	24,537	(22,147)	3,871	(3,499)

Refer to Note 36 Events after Reporting Period, which describes a proposed revision to wage rate after the year end. As this determination is yet to be finalised, we have considered the reasonable possible change for wage rate as 1% for the purpose of sensitivity analysis.

**27. DEFERRED INCOME**

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Deferred Grants and Subsidies				
Balance at the beginning of the year	213,503	211,001	213,503	211,001
Add : Grants/Subsidy received during the year	33,218	15,199	33,218	15,199
Less : Amortisation for the year	(13,745)	(12,697)	(13,745)	(12,697)
Balance at the end of the year	232,976	213,503	232,976	213,503

The Company has received funding from the Plantation Human Development Trust and Asian Development Bank for the development of worker facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The amounts spent are included under the relevant classification of Property, Plant & Equipment and the grant component is reflected under Deferred Grants and Subsidies.

28. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Temporary Differences,				
At the beginning of the year	1,867,129	1,776,309	1,867,129	1,776,309
Amount originating/(Reversal) during the year	333,345	90,820	333,345	90,820
At the end of the year	2,200,474	1,867,129	2,200,474	1,867,129
Temporary Differences of,				
Property, Plant & Equipment (including Biological Assets)	4,137,687	3,101,582	4,137,687	3,101,582
Retirement Benefit Obligations	(459,272)	(380,516)	(459,272)	(380,516)
Leased Asset	721,334	467,762	721,334	467,762
Lease Creditor	(804,666)	(541,474)	(804,666)	(541,474)
Deferred Income	(15,945)	(28,407)	(15,945)	(28,407)
Carried forward Tax Losses	(1,378,665)	(751,818)	(1,378,665)	(751,818)
At the end of the year	2,200,474	1,867,129	2,200,474	1,867,129
Tax Effect,				
At the beginning of the year	561,604	247,402	561,604	247,402
Transfer from/(to) Income Statement	98,538	314,202	98,538	314,202
At the end of the year	660,142	561,604	660,142	561,604
Deferred Tax Liabilities				
Property, Plant & Equipment (including Biological Assets)	1,241,306	931,940	1,241,306	931,940
Leased Asset	216,400	140,328	216,400	140,328
	1,457,706	1,072,268	1,457,706	1,072,268
Deferred Tax Assets				
Retirement Benefit Obligations	(137,782)	(114,155)	(137,782)	(114,155)
Carried forward Tax Losses	(413,599)	(225,545)	(413,599)	(225,545)
Lease Creditor	(241,400)	(162,442)	(241,400)	(162,442)
Deferred Income	(4,783)	(8,522)	(4,783)	(8,522)
	(797,564)	(510,664)	(797,564)	(510,664)
Deferred Tax (Asset)/Liability	660,142	561,604	660,142	561,604

A deferred tax asset has been recognized in the financial statements for carried forward tax losses to the extent that the Company has assessed that it will generate sufficient taxable profits in future. Accordingly, a deferred tax asset for tax losses of Rs. 1,378,664,744/- (2023 - Rs. 751,817,631/-) has been recognized. Further unutilized tax losses are given below.



NOTES TO THE FINANCIAL STATEMENTS

	2023/24	
	Temporary Difference Rs.'000	Tax Effect Rs.'000
Unutilized tax losses	367,061	51,389

28.1 Reconciliation of Deferred tax charge/(reversal)

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
At the beginning of the year	561,604	247,402	561,604	247,402
Tax charge/(reversal) during the year recognised in Statement of profit or loss.	114,385	33,580	114,385	33,580
Tax charge/(reversal) during the year recognised in Statement of other comprehensive income	(15,847)	(4,868)	(15,847)	(4,868)
Tax (charge)/reversal during the year recognised in other comprehensive income.	-	285,491	-	285,491
At the end of the year	660,142	561,604	660,142	561,604

The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March 2024 is 30% (2022/23 - 30%) for the Company.

29. LEASE LIABILITY

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Lease liability on right to use land	802,157	544,243	802,157	544,243
Lease liability on Right-of-Use asset - building	2,509	2,390	2,509	2,390
	804,666	546,633	804,666	546,633

29.1 Lease liability on right of use asset land

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 1 April 2023	544,243	508,627	544,243	508,627
Transition adjustment due to initial application of SLFRS 16	-	-	-	-
Reassessment Adjustment	265,591	40,182	265,591	40,182
Accretion of interest	105,278	71,345	105,278	71,345
Payment	(112,955)	(75,911)	(112,955)	(75,911)
As at 31 March 2024	802,157	544,243	802,157	544,243
Current	8,675	5,159	8,675	5,159
Non Current	793,482	539,084	793,482	539,084
	802,157	544,243	802,157	544,243

**29.1.2 Maturity analysis of lease liabilities are as follows**

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Payable within one year				
Gross liability	112,955	75,911	112,955	75,911
Finance cost allocated to future periods	(104,280)	(70,752)	(104,280)	(70,752)
Net liability transferred to current liabilities	8,675	5,159	8,675	5,159
Payable within two to five years				
Gross liability	451,821	303,643	451,821	303,643
Finance cost allocated to future periods	(404,281)	(275,369)	(404,281)	(275,369)
Net liability	47,540	28,273	47,540	28,273
Payable after five years				
Gross liability	1,807,283	1,290,483	1,807,283	1,290,483
Finance cost allocated to future periods	(1,061,341)	(779,672)	(1,061,341)	(779,672)
Net liability	745,942	510,810	745,942	510,810
Net liability payable after one year	793,482	539,084	793,482	539,084

The base rental payable per year Rs. 112,955,192/-

The lease rental during the current year charged to the Income Statement is based on GDP Deflator of 48.8% (2023 - 7.9%).

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Lease Interest for the year	105,278	71,345	105,278	71,345
Capital for the Year	7,677	4,566	7,677	4,566
Lease Rental Paid for the year	112,955	75,911	112,955	75,911

29.2 Lease liability on Right-of-Use asset - Building

	Group / Company	
	2024 Rs. '000	2023 Rs. '000
As at 31 March 2023	2,390	2,073
Effect of adoption SLFRS 16	-	-
As at 01 April 2023	2,390	2,073
Additions	1,936	1,936
Accretion of Interest	376	376
Payments during the year	(2,194)	(1,994)
Balance as at 31 March 2024	2,509	2,390
Current Liability	2,509	2,390
Non Current Liability	-	-
Total Lease Liability as at 31 March 2024	2,509	2,390



NOTES TO THE FINANCIAL STATEMENTS

29.3 Current & Non-Current Classification of Lease Liability

	Group / Company	
	2024 Rs. '000	2023 Rs. '000
Current Liability	11,183	7,550
Non Current Liability	793,482	539,084
Total Lease Liability as at 31 March 2024	804,666	546,633

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Trade Creditors	358,117	322,783	356,222	320,919
Other Creditors	38,582	58,147	35,591	55,155
	396,700	380,930	391,813	376,074

31. DIVIDEND PAYABLE

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Dividends for 2023/24 - Rs. 3.50 per Share (Paid on 04 April 2024)	87,500	-	87,500	-
Dividend Payable	29,052	42,488	29,052	42,488
	116,552	42,488	116,552	42,488

32. AMOUNTS DUE TO RELATED COMPANIES

	Relationship	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Namunukula Plantations PLC	Related Company	179,466	112,596	179,466	112,596
Arpico Interiors (Pvt) Ltd	Related Company	4	4	4	4
RPC Logistics (Pvt) Ltd	Related Company	656	1,059	656	1,059
Richard Pieris & Company PLC	Ultimate Parent Company	87,705	1,252	82,579	-
RPC Plantation Management Services (Pvt) Ltd	Parent Company	39,900	101,897	39,900	101,897
Richard Pieris Distributors Ltd	Related Company	36	36	36	36
Richard Pieris Tyre Company Ltd	Related Company	1,935	626	1,935	626
Maskeliya Tea Garden Ceylon Ltd	Related Company	96	70	96	70
		309,797	217,540	304,671	216,287

**33. ASSETS PLEDGED AS SECURITIES**

The following assets have been pledged as securities for liabilities.

Name of Bank	Loan Facility Rs. Mn	Security
Bank of Ceylon	35.0 Mn	Primary mortgage over leasehold rights of Gampaha Estate.
Hatton National Bank PLC	50.0 Mn	Primary mortgage over leasehold rights of Luckyland Estate.
Commercial Bank of Ceylon PLC	700.0 Mn	Primary and secondary mortgage over leasehold rights of Etana and Kirklees Estates and a negative pledge over leasehold rights of Allagolla, Eadella and Doteloya Estates.
Seylan Bank PLC	450.0 Mn	Primary mortgage over leasehold rights of Pallegama Estate.
Nations Trust Bank PLC	150.0 Mn	Primary mortgage over Produce Stocks (Rubber, Tea and Coconut).

Carring values of the assets pledged are as follows.

Name of Bank	Nature of Liability	Outstanding Rs. Mn	Carring Amount Pledged	
			2024 Rs. '000	2023 Rs. '000
Bank of Ceylon	Overdraft	-	166,328	134,083
Hatton National Bank PLC	Overdraft	-	223,478	208,224
Commercial Bank of Ceylon PLC	Term Loan	Rs. 262.5 Mn	801,695	705,970
Seylan Bank PLC	Term Loan	Rs. 266.7 Mn	470,559	422,342

Notes:

- Corporate guarantee dated 16 September 2011 has been given to Hatton National Bank PLC for Rs. 50.0 million from the Company on behalf of Maskeliya Tea Gardens Ceylon Ltd.
- Corporate guarantee dated 29 January 2013 has been given to Hongkong & Shanghai Banking Corporation (HSBC) for USD 450,000/- from the Company together with supporting board resolution on behalf of Richard Pieris Natural Foams Limited.

34. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date;

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Approved by the Board & Contracted for	Nil	Nil	Nil	Nil
Approved by the Board & not Contracted for	573,045	692,675	573,045	692,675
	573,045	692,675	573,045	692,675



NOTES TO THE FINANCIAL STATEMENTS

35. COMMITMENTS AND CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matters disclosed below in the notes to the Financial Statements.

Two assessments for Value Added Tax (VAT) under the Value Added Tax Act No. 14 of 2002 and its amendments thereto in relation to the taxable period from 1 April 2006 to 31 March 2011 were issued by the Commissioner General of Inland Revenue. The Tax Appeals Commission hearing the appeal made by us, has determined the VAT assessment in favour of the Department of Inland Revenue. The Company has also appealed against the determination to the Court of Appeal to the Supreme Court and the case is currently pending before the Supreme Court.

The estimated contingent liability to the Company is Rs. 21.1 mn. exclusive of any penalties that may arise for said period. Based on the Expert advice, the Directors are of the opinion that the ultimate determination of the case will not have a material impact on the financial position of the Company.

36. EVENTS AFTER REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments or disclosure in the financial statements except following disclosure,

The Commissioner General of Labor, by way of Government Gazette No. 2381/35 and No.2382/04 dated on 25 April 2024 and 30 April 2024, issued a notification to determine the minimum payment in respect of the workers engaged in Tea Growing and Manufacturing Trade and Rubber Growing and Raw Rubber Manufacturing Trade under section 33(2) of the Wages Boards Ordinance. On 21 May 2024, determination relating to the minimum payment was approved by the Hon.Minister of Labour and Foreign Employment by the way of Government Gazette No. 2385/14.

Subsequently, the Company and Regional Plantation Companies have submitted their objections and appeal to the Court of Appeal and then to the Supreme Court. The Supreme Court issued an interim order on 4 July 2024 staying the operation of the impugned Gazettes until the final determination of the Court of Appeal.

By the Extra Ordinary Gazette No. 2392/37 dated on 10 July 2024, the Minister of Labour and Foreign Employment cancelled the notification published in the Gazette.

On 13 August 2024 by the Gazette No.2397/27, a proposal was notified by the Chairman of the Wage Board for daily wage of Rs. 1,350/- and a productivity based incentive of Rs. 350/- per day of work of Tea growing and manufacturing trade. Objections to the aforesaid proposal will be received by the Chairman of the Board until 12.00 noon on 28 August 2024.

At the time these financial statements were authorized, a conclusion has not been reached as at the reporting date. Since there is no impact to the financial statement for the year ended 31 March 2024 and no adjustment was made in financial statements for the year ended 31 March 2024.

**37. RELATED PARTY DISCLOSURES****37.1 Transactions with related entities**

Nature of Transaction	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
37.1.1 Parent Company				
Amount Payable/Recoverable as at 31 March	(39,900)	(101,897)	(39,900)	(101,897)
Managing Agent's Fee	(53,266)	(168,911)	(53,266)	(168,911)
Settlement of Management Fee	115,065	180,998	115,065	180,998
Recovery of Expenses	198	131	198	131
37.1.2 Subsidiaries				
Amount Receivable as at 31 March	-	-	82,099	81,869
Administrative Expenses	-	-	(1,995)	(1,206)
37.1.3 Associates				
Amount Receivable as at 31 March	2,198,383	2,295,678	962,299	827,919
Amount Payable as at 31 March	-	-	-	-
Sale of Latex	1,273,430	1,812,189	1,273,430	1,812,189
Settlement Amount	(1,139,050)	(1,745,446)	(1,139,050)	(1,745,446)
Share of Result of Equity Accounted Investees	(231,674)	24,570	-	-
Insurance Premium	(1,541)	(1,709)	(1,541)	(1,709)
Insurance Premium Settlements	1,541	1,709	1,541	1,709
37.1.4 Related Companies				
Amount Receivable as at 31 March	223,661	252,044	223,661	252,044
Amount Payable as at 31 March	(264,770)	(115,642)	(264,770)	(114,390)
Salaries, Rent, Vehicle repairs & other Expenses	(120,526)	53,498	(120,526)	53,498
Purchase of Goods	(109,618)	(83,384)	(109,618)	(83,384)
Settlement of Dues	83,288	69,707	83,288	69,707
Sale of Goods	271,146	285,315	271,146	285,315
Sales Cash Receipts	(240,904)	(333,920)	(240,904)	(333,920)
Freight Charges	3,082	11,857	3,082	11,857
Dividend/Repo/Debenture Interest Receivable	16,059	43,222	16,059	43,222
Dividend/Repo/Debenture Interest Settlement	(50,344)	-	(50,344)	-
Deemed Disposal Gain/(Loss) - Subsequent Recognition	(56,519)	(7,328)	(56,519)	(7,328)



NOTES TO THE FINANCIAL STATEMENTS

37. RELATED PARTY DISCLOSURES CONTD.

37.1.5 Terms and Conditions

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

Non recurrent related party transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2023 audited Financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the security exchange commission directive issued under section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited Financial Statements, which required additional disclosures in 2023/24 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the security exchange commission directive issued under section 13(c) of the Security Exchange Commission Act, except following related party transactions exceeds 10% of the gross revenue/income as required.

Recurrent Related Party Transactions	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Disclosures				
a. Name of the related party, Richard Pieris Natural Foams Ltd				
b. Relationship, Associate Company				
c. Nature of transaction, Sale of Centrifuged Latex				
d. Aggregate value of related party transactions entered into during the financial year	1,273,430	1,812,189	1,273,430	1,812,189
Consolidated revenue as per latest audited financial statements	3,907,108	5,294,938	3,907,108	5,294,938
e. Aggregate value of related party transactions as a % of net revenue/income	32.6%	34.2%	32.6%	34.2%
f. Terms and conditions of the related party transactions				
Transactions with related parties are carried out in the ordinary course of business on an arm's length basis.				

37.1.6 Management Fees

As per the agreement is made and entered into at Colombo as of 10 September 2018, the Managing Agent shall be paid for each fiscal year fifteen percent (15%) of the earnings of the Company before interest received/paid, corporate tax, depreciation and amortization of land and management fees (EBITDA) applicable in that fiscal year.

37.2 Transactions with key management personnel of the Company

There were no transactions with the key management personnel of the Company and its parent for the year ended 31 March 2024. Further there were no key management compensation paid during the year other than those disclosed in Note 8.

37.3 Related Party Transactions

There are no related party transactions other than those disclosed in Notes 11, 17.1, 18, 20.1, 21, 32, 33 & 37 to the Financial Statements.

37.4 Details of material issues pertaining to employees and Industrial relations of the Company.

There were no material issues pertaining to employees and industrial relations pertaining to the Company that occurred during the year under review.



38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds available-for-sale investments and held to maturity investment.

Accordingly, the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

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.

38.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

38.2 Credit Risk

Credit Risk is the risk of financial loss to the Group's if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Group's receivable from customers.

38.2.1 Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and the country in which the customers operate, as these factors may have an influence on credit risk.

The Group reviews external ratings and bank references of the customer when available. Purchase limits are established for each customer, which are reviewed quarterly. In monitoring credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 834 Mn (2022/23 - Rs. 667 Mn).

Kegalle Plantations PLC has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber Auction Systems.

The Company's main customers (Brokers) have been transacting with the Company more than 10 years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);

Or

- The financial asset is more than 21 days past due.

Trade & Other Receivables Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



NOTES TO THE FINANCIAL STATEMENTS

The Movement of in the allowance for the impairment for trade and other receivables during the year was,

	2024 Rs. '000	2023 Rs. '000
Balance as at 01 April	86,945	86,945
Charge for the year	-	-
Write-off	-	-
Recoveries	-	-
Balance as at 31 March	86,945	86,945

38.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held short term investments of Rs. 234 Mn as at 31 March 2024 (2023.03.31 - Rs. 282 Mn) which represents the maximum credit exposure on these assets.

38.2.3 Cash and Cash Equivalents

The Group held cash at bank and in hand of Rs. 20 Mn as at 31 March 2024 (2023.03.31 - Rs. 21 Mn) which represents its maximum credit exposure on these assets.

38.3 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Group consults the Treasury Department and Strategic Business Development Unit of the Parent Company for scrutinizing the funding decisions.

The Table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments.

As at 31 March 2024	On Demand Rs. '000	Less than 3 Months Rs. '000	3 to 12 Months Rs. '000	2 to 5 years Rs. '000	>5 years Rs. '000	Total Rs. '000
Group						
Interest bearing loans & borrowing	705,288	70,380	220,905	350,414	-	1,346,987
	705,288	70,380	220,905	350,414	-	1,346,987
Company						
Interest bearing loans & borrowing	705,288	70,380	220,905	350,414	-	1,346,987
	705,288	70,380	220,905	350,414	-	1,346,987



As at 31 March 2023	On Demand Rs. '000	Less than 3 Months Rs. '000	3 to 12 Months Rs. '000	2 to 5 years Rs. '000	>5 years Rs. '000	Total Rs. '000
Group						
Interest bearing loans & borrowing	100,789	87,409	274,355	1,108,776	-	1,571,329
	100,789	87,409	274,355	1,108,776	-	1,571,329
Company						
Interest bearing loans & borrowing	100,789	87,409	274,355	1,108,776	-	1,571,329
	100,789	87,409	274,355	1,108,776	-	1,571,329

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits & derivative financial instruments.

38.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group has not engaged in any interest rate swap agreements.

The Group held long term borrowings with floating interest rates of Rs. 529 Mn (2022/23 - Rs. 804 Mn) which represents its maximum credit exposure on these liabilities.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on Profit Before Tax Rs.'000
Group		
2023/24	5%	(3,244)
	-5%	3,244
2022/23	1%	(18,718)
	-1%	18,718
Company		
2023/24	5%	(3,244)
	-5%	3,244
2022/23	1%	(18,718)
	-1%	18,718



NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

38.4.2 Foreign currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the USD exchange rates, with all other variables held constant. The impact on the Group's Profit Before Tax is due to changes in fair value of monetary assets and liabilities.

	Increase/ decrease in Interest rate	Effect on Profit Before Tax Rs.'000
Group/Company		
2023/24		
USD	5%	-
USD	-5%	-
Group/Company		
2022/23		
USD	5%	(46)
USD	-5%	46

38.4.3 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. Equity price risk is not material to the Financial Statements.

38.4.4 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings. The Group manages its capital structure and re-structures the capital base time to time in light of changes in economic conditions as per the directives given by the Board of Directors. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital through share buy backs or infuse capital through new share issuance.

The Group monitors capital using indicative leverage ratios preferably through gearing ratio, which is net debt as a percentage of total equity and net debt. The Group includes within net debt, interest bearing loans & borrowings, short term borrowings less Cash & Cash Equivalents, excluding discontinued operations.

The gearing ratio at the reporting date is as follows.

	As at 31.03.2024 Rs. '000	As at 31.03.2023 Rs. '000
Interest Bearing Borrowings		
Current portion of long term interest bearing borrowings	974,774	453,866
Payable after one year	254,144	529,152
Total Debts	1,228,918	983,018
Equity		
Total Equity & Debts	4,876,449	4,771,472
Gearing Ratio	25%	21%



SHAREHOLDER & INVESTOR INFORMATION

1. Stock Exchange Listing

The issued Ordinary Share of Kegalle Plantations PLC, are listed with Colombo Stock Exchange (CSE) of Sri Lanka (Quoted 1996.01.08).

2. Distribution of Shareholders

As at 31 March	2023/24			2022/23		
	No of Share Holders	No of Shares	% Holdings	No of Share Holders	No of Shares	% Holdings
Range of						
1 - 1,000	8,735	1,835,137	7.34%	8,716	1,839,240	7.36%
1,001 - 10,000	295	972,153	3.89%	283	986,916	3.95%
10,001 - 100,000	61	1,521,994	6.09%	51	1,330,796	5.32%
100,001 - 1,000,000	4	750,472	3.00%	5	922,804	3.69%
1,000,001 - & above	1	19,920,245	79.68%	1	19,920,245	79.68%
Total	9,096	25,000,001	100.00%	9,056	25,000,001	100.00%

3. Composition of Shareholders

As at 31 March	2023/24			2022/23		
	No of Share Holders	No of Shares	% Holdings	No of Share Holders	No of Shares	% Holdings
Resident & Non-Resident						
Resident Investors	9,077	24,627,363	98.51%	9,035	24,623,354	98.49%
Non-Resident Investors	19	372,638	1.49%	21	376,647	1.51%
Total	9,096	25,000,001	100.00%	9,056	25,000,001	100.00%
Individual & Institutional						
Individual Investors	8,959	3,541,971	14.17%	8,922	3,414,022	13.66%
Institutional Investors	137	21,458,030	85.83%	134	21,585,979	86.34%
Total	9,096	25,000,001	100.00%	9,056	25,000,001	100.00%
Public & Other Shareholding						
Related Company	3	19,933,645	79.73%	3	19,933,645	79.73%
Company Directors Holding	1	100	0.00%	1	100	0.00%
General Public including Employees	9,092	5,066,256	20.27%	9,052	5,066,256	20.27%
Total	9,096	25,000,001	100.00%	9,056	25,000,001	100.00%

4. Minimum Public Holding

The percentage of shares held by the public is 20.27% of the issued Share Capital of the Company as at 31 March 2024 (31 March 2023 - 20.27%).

The Company complies with Option 5 of the Listing Rules 7.13.1 (a) - Less than Rs. 2.5 Bn, Float Adjusted Market Capitalization which requires 20% minimum Public Holding.



SHAREHOLDER & INVESTOR INFORMATION

		Year Ended 31 March 2024	Year Ended 31 March 2023
Market Capitalization	Rs.'000	3,012,500	3,200,000
Price Earning Ratio	Times	141.87	4.64
Public Holding Percentage	%	20.27%	20.27%
Total number of Shareholders representing the Public Holding	Nos	9,092	9,052
Float Adjusted Market Capitalization	Rs.'000	610,484	648,481

5. The Golden Shareholder

The Golden Share of Rs. 10/- is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned Public Company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights;

- 1) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/to be leased to the Company by the Janatha Estate Development Board/Sri Lanka State Plantations.
- 2) The concurrence of the Golden Shareholder will be required to amend any clause in the article of association of the Company which grants special rights to the Golden Shareholder.
- 3) The Golden Shareholder or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks of written notice.
- 4) The Company will be required to be submitted a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each financial year.
- 5) The Golden Shareholder can request the Board of Directors of the Company to meet with him/his Nominee, once in every quarter to discuss issues related to the Company's operation of interest to the Government.

6. Share Information

Market Value	2023/24		2022/23	
Highest Price	Rs.	140.00 (21 April 2023)	270.00	(01 September 2022)
Lowest Price	Rs.	105.00 (08 January 2024)	80.00	(27 April 2022)
Closing Price	Rs.	120.50 (28 March 2024)	128.00	(30 March 2023)

Share Trading	2023/24		2022/23	
No. of Shares Traded		730,105	3,832,621	
No. of Trades		3,315	6,782	
Value of Shares Traded	Rs.	88,928,685	635,900,178	

Key Ratios	2023/24		2022/23	
Earnings per Share	Rs.	0.85	27.59	
Net Assets per Share	Rs.	145.90	151.54	
Dividends per Share	Rs.	3.50	7.00	
Dividend pay out	%	411.76%	25.37%	



7. Twenty-five Largest Shareholders of the Company

Name of the Shareholder	As at 31 March 2024		31 March 2023	
	Number of Shares	% of the Holding	Number of Shares	% of the Holding
1 RPC Plantation Management Services (Pvt) Ltd	19,920,245	79.68%	19,920,245	79.68%
2 Dhanasiri Recreation (Pvt) Ltd	319,305	1.28%	319,305	1.28%
3 Tranz Dominion, L.L.C	185,000	0.74%	185,000	0.74%
4 Deutsche Bank AG Singapore A/c 02 (DCS CLT ACC)	130,000	0.52%	130,000	0.52%
5 Hatton National Bank PLC/Arunasalam	116,167	0.46%	116,167	0.46%
6 Mr. D. M. Kodikara	87,000	0.35%	87,000	0.35%
7 Sezeka Limited	63,658	0.25%	63,658	0.25%
8 Sampath Bank PLC/Aruna Enterprises (Pvt) Ltd	55,912	0.22%	55,912	0.22%
9 N P Capital Ltd	55,000	0.22%	-	-
10 Mrs. M. S. E. V. E. A. U. Von Stumm	50,703	0.20%	50,703	0.20%
11 Mr. N. Balasingam	50,600	0.20%	50,600	0.20%
12 Mr. H. A. Cabraal	45,000	0.18%	45,000	0.18%
13 Peoples Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	45,000	0.18%	45,000	0.18%
14 Mr. P. F. Nandasiri	42,500	0.17%	42,500	0.17%
15 Mr. S. S. Sithambaranathan	42,107	0.17%	32,207	0.13%
16 Mr. N. V. De Silva	41,581	0.17%	41,581	0.17%
17 Mr. D. A. Cabraal	40,000	0.16%	40,000	0.16%
18 Mr. G. D. M. Ranasinghe	40,000	0.16%	30,000	0.12%
19 Mr. R. Gautam	39,200	0.16%	38,300	0.15%
20 Peoples Leasing & Finance PLC/Mr. J. M. S. Brito & Mrs. B. S. Brito	32,000	0.13%	30,000	0.12%
21 Peoples Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd	30,385	0.12%	40,619	0.16%
22 Sampath Bank PLC/Mr. V. Gajanayake	30,000	0.12%	30,000	0.12%
23 Mr. E. J. Gnanam	28,000	0.11%	28,000	0.11%
24 Hatton National Bank PLC/Hi Line Trading (Pvt) Ltd	27,212	0.11%	-	-
25 J B Cocoshell (Pvt) Ltd	26,865	0.11%	-	-
Sub Total	21,543,440	86.17%	-	-
Balance held by 9,071 Shareholders (31 March 2023 - 9,031 Shareholders)	3,456,561	13.83%	3,321,511	13.29%
Total Shares	25,000,001	100.00%	25,000,001	100.00%

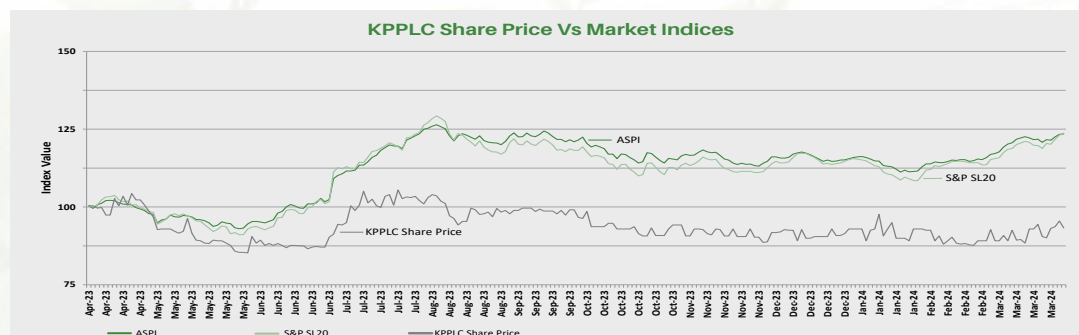
There were no non-voting shares as at 31 March 2024.

8. Exchange Rates - US \$

	2024	2023	2022	2021	2020
United States (Buying US\$)	295.54	318.27	288.74	197.62	187.35
United States (Selling US\$)	305.33	336.01	298.99	202.04	192.45

9. Other Share Information

The performance of Kegalle Plantations PLC's share is as follows compared to the performances of All Share Price Index (ASPI), and Standard & Poor's Sri Lanka 20 Index (S&P SL20) in the Share Market during the year 2023/24.



Kegalle Plantations PLC's share information from Colombo Stock Exchange (CSE) website:

- ◆ Log on to Colombo Stock Exchange - website: www.cse.lk
- ◆ Enter Company Code (KGAL.N000) in the search box at the top right hand corner of CSE home page and go to the Company description.



TEN YEAR SUMMARY

Year Ended 31 March		2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Operating Results											
Turnover	Rs.'000	3,907,108	5,294,938	3,627,751	3,148,122	2,185,536	2,421,797	2,508,167	2,287,161	1,933,063	2,023,911
Gross Profit/(Loss)	Rs.'000	334,112	1,118,422	532,621	321,587	(36,460)	112,054	366,198	227,194	8,287	66,116
Operating Profit before Mgt Fee	Rs.'000	426,581	1,155,734	582,117	497,887	50,883	222,284	511,708	302,804	85,345	62,710
Profit before Interest and Tax	Rs.'000	367,107	1,246,677	668,533	495,290	107,554	385,673	625,499	457,275	262,086	274,227
Profit/(Loss) After Tax	Rs.'000	21,234	689,858	477,903	315,126	(67,003)	102,038	235,859	217,263	101,330	127,034
Other Comprehensive Income/(Loss)	Rs.'000	(74,655)	(16,244)	39,587	56,207	(49,291)	(25,337)	(2,671)	93,124	122,147	(7,161)
Total Comprehensive Income/(Loss)	Rs.'000	(53,421)	673,614	517,490	371,333	(116,294)	76,701	233,187	310,387	223,476	119,873
Dividends Distributed	Rs.'000	87,500	175,000	125,000	100,000	-	125,000	187,500	125,000	1,125,000	50,000
Financial Position											
Fixed Assets	Rs.'000	5,455,950	4,738,881	4,241,908	3,655,183	3,512,363	3,018,590	2,866,712	2,622,327	2,553,641	2,437,195
Investments	Rs.'000	668,170	710,994	690,930	658,890	645,570	735,810	1,738,450	1,692,730	1,636,150	1,611,850
Current Assets	Rs.'000	1,722,422	1,726,155	1,784,190	1,683,129	1,387,012	3,449,045	2,297,949	2,089,323	2,168,563	3,078,052
Current Liabilities	Rs.'000	1,798,993	1,096,265	1,216,141	1,107,263	1,464,213	2,965,963	2,129,542	1,879,266	1,476,509	771,499
Shareholders' Funds	Rs.'000	3,647,532	3,788,453	3,290,716	2,898,226	2,626,892	2,619,083	2,667,383	2,621,697	2,436,309	3,412,393
Share Capital	Rs.'000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Reserves	Rs.'000	3,397,532	3,538,453	3,040,716	2,648,226	2,376,890	2,369,083	2,417,383	2,371,697	2,186,309	3,162,393
Key Financial Indicators											
Current Ratio	Times	0.96	1.57	1.47	1.52	0.95	1.16	1.08	1.11	1.47	3.99
Quick Asset Ratio	Times	0.65	0.96	1.09	1.22	0.69	1.04	0.92	0.97	1.31	3.64
Debt Equity Ratio	Times	0.25	0.21	0.27	0.29	0.32	0.54	0.52	0.50	0.53	0.41
Interest Cover	Times	1.59	5.45	6.46	3.96	0.57	1.36	2.23	1.77	1.32	1.55
Equity /Asset Ratio	Times	0.46	0.53	0.49	0.48	0.47	0.36	0.39	0.41	0.38	0.48
Earnings per Share	Rs.	0.85	27.59	19.12	12.61	(2.68)	4.08	9.43	8.69	4.05	5.08
Dividend Per Share	Rs.	3.50	7.00	5.00	4.00	-	5.00	7.50	5.00	45.00	2.00
Net Assets Per Share	Rs.	145.90	151.54	131.63	115.93	105.08	104.76	106.70	104.87	97.45	136.50
Market Price of a Share	Rs.	120.50	128.00	133.50	97.20	40.80	55.00	65.90	52.00	50.70	85.80
Market Capitalization	Rs.'000	3,012,500	3,200,000	3,337,500	2,430,000	1,020,000	1,375,000	1,647,500	1,300,000	1,267,500	2,145,000
Return On Capital Employed	%	7.53	26.13	14.74	12.20	2.77	6.71	11.23	8.80	5.08	4.72
Price Earning Ratio	Times	141.87	4.64	6.98	7.71	(15.22)	13.48	6.99	5.98	12.51	16.89
Dividend Cover	Times	0.24	3.94	3.82	3.15	-	0.82	1.26	1.74	0.09	2.54
Dividend Pay Out Ratio	%	412.08	25.37	26.16	31.73	-	122.50	79.50	57.54	1,110.28	39.36
Annual Production											
Rubber	kg '000	3,295	4,278	4,598	4,589	3,666	4,080	3,495	3,742	3,353	3,534
Tea	kg '000	1,398	1,464	1,808	1,869	1,784	1,923	1,962	2,165	2,375	2,094
Coconuts	nuts '000	993	1,020	1,151	918	1,318	1,295	1,117	1,471	1,559	1,549
Capital Expenditure											
Field Development	Rs '000	522,718	438,807	331,736	237,085	262,615	260,837	300,895	172,757	219,068	263,195
Purchase of PPE	Rs '000	107,808	126,600	6,770	37,761	4,246	21,915	33,844	3,168	1,580	42,656
Total Capex	Rs '000	630,526	565,407	338,506	274,846	266,861	282,752	334,739	175,925	220,648	305,851



RUBBER

		2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Production	kg'000	3,295	4,278	4,598	4,589	3,666	4,080	3,495	3,742	3,353	3,534
NSA	Rs./kg	661.65	799.50	541.44	387.74	320.98	293.36	343.86	276.34	274.04	291.26
COP	Rs./kg	561.18	626.03	417.29	328.50	302.12	281.90	289.45	248.13	249.26	261.23
Yield	kg/ha	750	811	916	986	913	990	911	998	872	883
Revenue Extent	ha	2,676	2,748	2,715	2,714	2,714	2,771	3,008	3,224	3,489	3,535

TEA

		2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	
PRODUCTION												
Uva	Elevation	Kg '000	719	855	1,143	1,188	1,025	1,151	1,117	1,191	1,286	1,074
Medium		Kg '000	228	260	321	316	340	434	463	542	583	523
Low		Kg '000	451	349	345	366	420	339	382	431	505	496
NSA												
Uva	Elevation	Rs./Kg	927.95	1,188.47	550.22	563.10	486.56	520.32	582.30	460.53	365.93	381.53
Medium		Rs./Kg	938.96	1,084.50	569.00	559.38	422.83	469.35	586.58	467.95	356.95	413.35
Low		Rs./Kg	1,123.01	1,240.06	589.81	604.04	495.38	529.41	578.84	482.47	373.23	416.60
COP												
Uva	Elevation	Rs./Kg	893.62	877.25	562.33	556.23	552.51	542.11	545.17	457.05	409.88	449.37
Medium		Rs./Kg	908.98	926.42	567.32	575.22	537.95	499.04	508.33	408.53	360.25	368.09
Low		Rs./Kg	1,036.06	976.20	564.02	577.62	509.42	537.79	536.65	440.56	381.36	401.52
YIELD												
Uva	Elevation	Kg/ha	579	679	789	771	686	726	730	677	806	858
Medium		Kg/ha	1,025	813	1,153	1,203	1,054	1,225	1,311	1,356	1,265	1,582
Low		Kg/ha	861	959	1,001	962	953	967	1,020	1,001	1,068	1,178
REVENUE EXTENT												
Uva	Elevation	ha	983	945	983	984	984	974	967	967	952	952
Medium		ha	160	174	176	179	179	178	179	178	177	173
Low		ha	135	135	140	140	142	143	143	148	150	149

COCONUT

		2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Production	nut'000	993	1,020	1,151	918	1,318	1,295	1,117	1,471	1,559	1,549
NSA	Rs./nut	66.31	60.55	58.92	51.98	31.03	43.00	51.79	24.11	31.95	31.71
COP	Rs./nut	49.68	37.09	21.59	31.37	20.65	21.44	27.74	16.57	14.69	15.15
Yield	nut/ha	2,348	2,429	2,787	2,123	3,032	2,978	2,463	3,241	3,569	3,379
Revenue Extent	ha	423	420	413	432	435	435	453	454	437	437

HISTORICAL NOTE

Gampaha Estate, Udapussellawa, Badulla

Gampaha Estate is situated in the Uva Province in Badulla District at an elevation of 1,200 to 1,575 metres above sea level in the Udapussellawa District. Gampaha Estate comprises of a total extent of 348.99 hectares and produces approximately 375,000 kg of made tea annually. Eastern Brokers Ltd is the broker associated in selling and marketing of Gampaha Estate Teas (Selling Mark: Gampaha).



Gampaha estate was under the private ownership until upto 1959 in which year the estate was taken over by the State Plantation Corporation (SPC). With the implementation of Land Reform Act in 1976, this estate was vested with the Government and was managed by one of the Statutory Boards, the Janatha Estates Development Board (JEDB) and was under the Kegalle Regional Board of the JEDB. With the privatization of estates on the 22 June 1992 the estate was vested with Kegalle Plantations PLC.

During the period from the inception of the estate to current period, a number of Superintendents managed the estate and their valuable effort has brought the estate to the present condition.

History

Estate	Gampaha W 6 (1463m.)
Proprietor or Lessee	Janatha Estates Development Board
Agent or Correspondent	J.E.D.B. III, Badulla
Resident Manager and Assistant Superintendent	R. I. Ondaatje (Supdt.), A. Kehelpannala (Asst. Supdt.)
Hectares	
Total	348.99
Cultivated	246.76
Tea	246.76
Other Prdts	42.11
Post Town and Further Information	Udapussellawa 9.6km, Nanu Oya R.S. 41.6km, Hosp at Delmar and Disp. on Estate. Factory on Estate. Tel. 28 Udapussellawa.

Source: Ferguson's Ceylon Directory 1979-81(120th Edition), The Associated Newspapers of Ceylon Ltd.

Current Land Extent of Gampaha Estate - Hectares

The estate is divided into two Divisions namely Upper and Lower, bordering the villages of Gallegamuwa, Gallemuduntenna and Kalugama in the Gampaha Korale of Udukinda Division in the District of Badulla and in the village of Kurupanwela in the Udapalate Korale of Walapane Division in the District of Nuwara Eliya Central Province and bounded on the NORTH and NORTH-WEST by Blairlmond Estate and land claimed by the villages on the EAST by Blairlmond Estate and land claimed by the villages and Kirklees Estate on the SOUTH by Allagolla Estate and Luckyland Estate on the WEST by Luckyland Estate and contains the extent in two divisions are as follows.

Division	Extent - ha
Upper	166.68
Lower	182.32
Total Land Extent	348.99

Crop Wise Extent - Hectares

Cultivation	Extent - ha
Tea	215.52
Coffee	2.00
Gum & Timber	45.95
Other Lands, buildings/jungle/roads/ravines & streams.... etc.	85.52
Total Land Extent	348.99

Past Superintendents

The estate was, in the hands of senior Superintendents for management whose names are listed below:

#	Name	From - To	Designation	#	Name	From - To	Designation
1	Paterson, J.	1870 - 1871	Asst. Manager	27	Abeyratne, Roger	1961 - 1962	Asst. Superintendent
2	Robertson, W.J.	1880 - 1929	Asst. Manager	28	K.K. Peddie	1962 - 1964	Superintendent
3	Russell, W.E.	1880 - 1881	Asst. Manager	29	F.A. Pieries	1964 - 1967	Superintendent
4	Bagra, J.	1880 - 1892	Manager	30	F.J. Aiyadurai	1967 - 1979	Superintendent
5	Black, R.B.	1880 - 1881	Asst. Manager	31	P.M. Dias	1979 - 1979	Superintendent
6	Ogden, J.A.	1883 - 1884	Asst. Manager	32	R.L. Ondaatje	1979 - 1982	Superintendent
7	Armitage, H.P.C.	1885 - 1886	Asst. Manager	33	D.H. Madawala	1982 - 1985	Superintendent
8	Daniel, J.H.	1887 - 1888	Asst. Manager	34	R.L. Abeyewardena	1985 - 1987	Superintendent
9	Brown, E. Wade	1890 - 1892	Asst. Manager	35	S.A. Jerasinha	1987 - 1988	Superintendent
10	Dunbar, H.F.	1893 - 1893	Manager	36	R. Perera	1988 - 1996	Superintendent
11	Maclean, E	1893 - 1893	Asst. Manager	37	K.B. Etipola	1996 - 1996	Superintendent
12	Paulet, F.E	1898 - 1899	Asst. Manager	38	M.A. Fernando	1996 - 2001	Superintendent
13	Whittall, F.J.	1899 - 1912	Manager	39	Upali Mahalekam	2001 - 2003	Superintendent
14	Jaques, R. R.	1904 - 1904	Asst. Manager	40	G.K. Weerasinghe	2003 - 2005	Superintendent
15	Bartlett, H.G.H.	1905 - 1906	Asst. Manager	41	G.P. Thevathanasan	2005 - 2007	Superintendent
16	Toller, C.H.M.	1909 - 1909	Asst. Manager	42	D.V.M. De Runn	2007 - 2014	Superintendent
17	Charnaud, F.	1912 - 1912	Asst. Manager	43	M.V.W.E. De Silva	2014 - 2018	Superintendent
18	Troup, F.M.	1912 - 1912	Asst. Manager	44	B.P.D. Mahesh	2018 - up to now	Superintendent
19	Strickland, E.	1917 - 1917	Manager				
20	Slingsby, J.	1919 - 1938	Manager				
21	Scott, A.A.	1920 - 1922	Asst. Manager				
22	Dewhurst, D.G.	1924 - 1925	Asst. Manager				
23	Waterfield, H.K.	1926 - 1927	Manager				
24	Wynes, F.G.B.	1928 - 1928	Asst. Manager				
25	Till, D.E.	1930 - 1930	Asst. Manager				

HISTORICAL NOTE

Gampaha Tea Factory



The factory has obtained ISO 22000:2018 Food Safety Management System Certifications along with Rainforest Alliance Certificate. The estate continues in factory and land development and on worker welfare activities as well as environmental sustainability programs etc.

Superintendent's Bungalow

On the 43 km post of the Welimada - Uda Pussellawa Road
Bungalow Elevation : 4755 feet
(Coordinates: N 06.99069 / E 080.92672)



Superintendents (Past to Present)

The Last British Superintendent Mr. K. K. Peddie (1962 to 1964) - Handing over to Mr. F. A. Pieries.



Mr. F.J. Aiyadurai -
(The Superintendent)
The Long Standing
Superintendent -
1967 to 1979.



The Management of Gampaha Estate is led by Mr. B.P.D. Mahesh, the Present Superintendent.



Seated from Right Side - Mrs. R.M. Karunawathy (Midwife), Mr. W.S. Gunathilake (Snr.Asst.Factory Officer), Mr. A.J. Daniel (Chief Clerk), Mr. B.P.D. Mahesh (Superintendent), Mr. S. Anbalagan(Factory Officer), Mr. A.M.L. Chaminda (Field Officer) Mrs. U.D. Sriyani (Welfare Officer)

Standing from Right Side - Miss. S.C. Reeta (Snr.Asst.Clerk), Mrs. D.G.W.M. Rajitha (Clerk), Mr. D.M.K.B. Rathnayake (Jnr.Asst. Factory Officer/Store Keeper), Mr. S. Rajan (Jnr.Asst.Factory Officer), Mr. V. Sathasivam (Jnr.Asst.Field Officer), Mr. K. Arumugam (Jnr.Asst.Factory Officer), Mr. R. Vishvanathan (Asst. Field Officer), Mr. M. Muralitharan (Jnr.Asst.Field Officer), Mr. D.P.S.R. Jayawardena (Driver), Mr. R. Murasothimaran (Jnr.Asst.Field Officer), Mr. G.V. Wijayakumara (Driver/Mechanic), Mrs. R. Thushanthany (Jnr.Asst.Clerk), Mrs. M. Karuneswary (Crech Attendent)



GLOSSARY

Financial Terms		
#	Term	Definition
	ACCOUNTING POLICIES	The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statement.
	ACCURAL BASIS	Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.
	AGRICULTURAL ACTIVITY	Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural biological assets.
A	AGRICULTURAL PRODUCE	Agricultural produce is the harvested product of the entity's biological assets.
	AMORTISATION	The systematic allocation of the depreciable amount of an intangible asset over its useful life.
	ASSOCIATE	An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.
	AWPLR	Average Weighted Prime Lending Rate
	BEARER BIOLOGICAL ASSETS	Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.
	BIOLOGICAL ASSETS	Is a living animal or plant.
B	BIOLOGICAL TRANSFORMATION	Biological transformation comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in a biological asset.
	BORROWING COSTS	Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.
	CAPITAL EMPLOYED	The sum of Shareholders' Funds, Long Term & Short-Term Interest-bearing Borrowings.
	CASH EQUIVALENTS	Abbreviation for liquid investments with original maturity periods of three months or less.
	CONSUMABLE BIOLOGICAL ASSETS	The biological assets those that are to be harvested as agricultural produce or sold as biological assets.
C	CONTINGENT LIABILITIES	A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.
	CURRENT RATIO	Current Assets divided by Current liabilities.
	CURRENT SERVICE COST	Current Service Cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.
	CSE	Abbreviation for Colombo Stock Exchange.
	DEBT TO EQUITY RATIO	Borrowings divided by equity.
	DEFERRED TAXATION	The Tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.
	DCF METHOD	A method of valuing project, Company or asset using the concepts of the time value of money. All future cash flows are estimated and discounted by using cost of capital to give their present value(PVs).
D	DIVIDEND COVER	Profit attributable to Ordinary Shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.
	DIVIDEND PAYOUT	Dividend per share as a percentage of the earnings per share.
	DIVIDEND YIELD	Dividend per share as a percentage of the market price. A measure of return on investment.
	DIVIDENDS	Distribution of profits to holders of equity investments.
	EARNINGS PER SHARE	Profit after Tax divided by weighted average number of Ordinary Shares outstanding during the period.
	EBIT	Earnings Before Interest and Tax.
E	EBITDA	Abbreviation for Earnings before Interest, Tax, Depreciation, and Amortization.
	EFFECTIVE TAX RATE	Income tax expenses divided by profit from ordinary activities before tax.
	ENTERPRISE VALUE	Market Capitalization plus net debt.



#	Term	Definition
	EQUITY	Shareholders' fund.
	EQUITY INSTRUMENTS	Equity Instruments is any contract that evidences a residual interest in the assets of a entity after deducting all of its liabilities.
E	EQUITY METHOD	"The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition changes in the investor's share of net assets of the investee. The rofit or loss of the investor includes the investor's share of the profit or loss of the investee."
	EQUITY/ASSETS RATIO	Shareholders' Funds divided by Long Term Assets plus Current Assets.
	EU	European Union.
	EVA	Economic Value Addition. The return earned beyond the cost of capital (Weighted Average Cost of Capita into Capital Invested minus Net Operating Profit).
	FAIR VALUE	Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buying and a knowledgeable willing seller in arm's length transaction.
F	FAIR VALUE THROUGH PROFIT AND LOSS	A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which here is evidence of a recent actual pattern of short term profit taking, or a derivative (except for a derivative that is a financial guarantee contract).
	FINANCIAL ASSET	Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.
	FINANCIAL INSTRUMENT	Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.
	FINANCIAL LIABILITY	Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.
	FVTOCI	Abbreviation for Fair Value Through Other Comprehensive Income.
G	GEARING (D/E RATIO)	Long-Term Interest-bearing Borrowings/Liabilities as a percentage of Shareholders' Funds plus Long-Term Interest-bearing Borrowings/Liabilities.
	GENERAL RESERVE	Reserve available for distribution and investment.
	Ha	Hectares.
H	HARVEST	Detachment of produce from a biological asset or the cessation of biological assets life processes.
	IFRS	International Financial Reporting Standards.
I	INTEREST COVER	Profit before Tax plus Interest Charges divided by Interest Charges, including Interest Capitalized.
J	JEDB	Janatha Estates Development Board.
K	KGAL	CSE identification code for the Company.
L	LIBOR	London Inter- Bank Offered Rate.
	LIQUIDITY	The availability of liquid assets to a market or Company.
M	MARKET CAPITALIZATION	Number of shares in issue, multiplied by the market value of each shares at the year end.
	MVA	The difference of market capitalisation and book value of share capital.
	NET ASSETS	Sum of Fixed Assets and Current Assets less Total Liabilities.
N	NET ASSETS PER SHARE	Shareholders' funds divided by the number of Ordinary Shares.
	NET PRICE PER SHARE	Net Assets at the end of period divided by the number of Ordinary Shares issued.



GLOSSARY

#	Term	Definition
O	OBLIGATION	The present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.
	OCI	Other comprehensive income comprises the items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.
P	PBT	Profit before tax.
	PRICE EARNINGS RATIO	Market price of a share divided by Earnings per Share.
R	RELATED PARTIES	Parties who could control or significantly influence the financial and operating policies of the Company.
	RETURN ON AVERAGE EQUITY	Net income expressed as a percentage of Average Shareholders' Funds.
	RETURN ON CAPITAL EMPLOYED (ROCE)	"Profit before Tax plus Interest on Loans divided by the Equity Funds, Long Term Loans and Short-Term Loans."
	REVENUE RESERVES	Reserves considered as being available for distributions and investments.
	RSS-1	Ribbed Smoked Sheet - Grade 1
	SEGMENT	Constituent business units grouped in terms of nature and similarity of operations.
	SHAREHOLDERS' FUNDS	Funds attributable to Shareholders which consist of Share Capital, Reserves and Retained Profit.
	SLA	Sri Lanka Accounting Standards.
	SLFRS/LKAS	Sri Lanka Financial Reporting Standards.
	SOAT	Statement of Alternative Treatment issued by the Institute of Chartered Accountants of Sri Lanka.
S	SORP	Statement of Recommended Practices issued by the Institute of Chartered Accountants of Sri Lanka.
	SUBSIDIARY	A subsidiary is an entity, including in unincorporated entity such as a partnership, that is controlled by another entity.
T	TURNOVER PER EMPLOYEE	Consolidated turnover of the Company for the year divided by the number of employees at the year end.
U	UITF	Urgent Issues Task Force of the Institute of The Chartered Accountants of Sri Lanka.
V	VALUE ADDITION	The quantum of wealth generated by the activities of the Company and its application.
W	WORKING CAPITAL	Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest bearing provisions.

Non - Financial Terms

#	Term	Definition
A	AGM	Annual General Meeting.
B	BIODIVERSITY	"The variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems."
	BOI	Board of Investments of Sri Lanka.
	CDA	Coconut Development Authority.
C	COP	Cost of Production. Generally, refers to the cost of producing one kilo of produce (Tea/Rubber).
	CROP	The total produce harvested during a financial year.
E	EMDEs	Abbreviation for emerging market and developing economies.
	ETP	Ethical Tea Partnership is a non competitive alliance of 20 international tea packers who share a vision for a thriving industry that is socially just and environmentally sustainable.



#	Term	Definition
E	EXTENT IN BEARING	The extent of a land from which crop is being harvested. Also see "Immature Plantation".
F	FIELD	A unit extent of land. Estates are divided into fields in order to facilitate management.
	GAP	Good Agriculture Practices.
	GDP	Gross Domestic Production.
G	GSA	Gross Sale Average. Average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as brokerage, etc.
	GRI	Global Reporting Initiatives.
H	HACCP	Hazard Analysis and Critical Control Point System, Internationally accepted food safety standard.
	IMMATURE PLANTATION	"The extent of plantation that is under development and is not being harvested."
	INFILLING	A method of field development whereby planting of individual plants is done in order to fill the vacancies of existing revenue fields.
I	ISO	International Standards Organization.
	ISO 22000	International standard for food safety management system (FSMS) released by ISO in June 2018.
K	KEY MANAGEMENT PERSONNEL	"Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity."
L	LFPR	Abbreviation for Labour Force Participation Rate.
M	MATURE PLANTATION	The extent of plantation from which crop is being harvested.
N	NSA	Net Sales Average per kilo.
O	OHS	Occupational Health & Safety.
P	PHDT	Plantation Human Development Trust.
	REPLANTING	A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/ bushes.
R	RAINFORREST ALLIANCE (RA)	The Rainforest Alliance certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors.
S	SEEDLING TEA	Tea grown from a seed.
T	TRI	Tea Research Institution.
V	VP TEA	Vegetatively propagated tea. i.e. tea grown from a cutting of a branch of tea plant.
	YIELD (YPH)	Average yearly output of produce from a hectare of plantation.
Y	YOY	"Year on Year."



NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty First (31st) Annual General Meeting of Kegalle Plantations PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Friday, 27 September, 2024 at 10.30 a.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2024 with the Report of the Auditors thereon.
2. To approve the appointment of Dr. Sena Yaddehige as a Director

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

“That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 78 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige ”

3. To approve the appointment of Dr. Gerry Jayawardena as a Director Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

“That Dr. Gerry Jayawardena of No. 134, Batagama (North) Ja -Ela, who is 82 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Dr. Gerry Jayawardena ”

4. To approve the appointment of Prof. Asoka Nugawela as a Director

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

“That Prof. Asoka Nugawela of No. 58/7A, Lewella, Kandy who is 71 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Prof. Asoka Nugawela ”

5. To re elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director
6. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine contributions to charities
8. To consider any other business of which due notice has been given.

By Order of the Board

(Sgd.)
Richard Pieris Group Services (Private) Limited
Secretaries
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

28 August 2024

Notes:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
- b) A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report.
- c) The completed form of proxy should be deposited at No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka., not less than 48 hours before the time appointed for the holding of the meeting.



FORM OF PROXY

I/We* (in block letters) of
..... being a member /members of the
KEGALLE PLANTATIONS PLC, hereby appoint of

.....
whom failing DR. SENA YADDEHIGE whom failing PROF. ASOKA NUGAWELA whom failing DR. GERRY JAYAWARDENA whom failing SHAMINDA YADDEHIGE *as my/our proxy to represent me/us and to vote on my/our behalf at the 31ST ANNUAL GENERAL MEETING of the Company to be held on 27 September 2024 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote:-

	In favour	Against
1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2024 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sena Yaddehige at this Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Gerry Jayawardena at this Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Prof. Asoka Nugawela at this Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorize the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
8. To consider any other business of which due notice has been given.	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2024

.....
Signature of Shareholder

Notes:

- (i) Please delete the inappropriate words.
- (ii) A proxy need not be a member of the Company.
- (iii) Instruction as to completion appear on the reverse of this form.



INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

- ◇ To be valid, this Form of Proxy must be deposited at No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka., not later than 10.30 a.m. on Wednesday, 25 September 2024.
- ◇ In perfecting the Form of Proxy, please ensure that all details are legible.
- ◇ In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
- ◇ Please indicate with an 'X' in the space provided how your proxy is to vote on each resolution. If no indication is given the proxy at his/her discretion will vote as he/she thinks fit.
- ◇ This Form of Proxy shall in the case of an individual be signed by the appointor or his/her Attorney. Where the Form of Proxy is signed under a Power of Attorney, which has not been registered with the Company, the original Power of Attorney together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company, along with the Form of Proxy.

CORPORATE INFORMATION

NAME OF THE COMPANY

Kegalle Plantations PLC

LEGAL FORM

A Quoted Public Company with limited liability,
Incorporated in Sri Lanka under the Companies Act No. 07 of 2007.

DATE OF INCORPORATION

22 June 1992

COMPANY REGISTRATION NUMBER

P Q 135

REGISTERED OFFICE/HEAD OFFICE

No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

Telephone:+ (94) 11 4310500

Fax: + (94) 11 4310799

E-mail: kpl.rpk@arpico.com

Website: www.arpico.com

ACCOUNTING YEAR END

31 March

PRINCIPAL BUSINESS ACTIVITIES

Cultivation, Manufacture and Sale of Rubber, Tea,
Coconut & other agricultural Produce.

MANAGING AGENT

RPC Plantation Management Services (Pvt) Ltd

No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

ULTIMATE PARENT ENTERPRISE

Richard Pieris & Company PLC

No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

BOARD OF DIRECTORS

Dr. Sena Yaddehige, Chairman

Prof. R C W M R A Nugawela

Dr. S S B D G Jayawardena

Mr. Shaminda Yaddehige

Mr. J L A Fernando (Ceased to be a Director w.e.f. 05 July 2024)

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the
Colombo Stock Exchange of Sri Lanka.

MANAGEMENT

Mr. Prins Gunasekara, Chief Executive Officer (Acting)

Mr. I S Doranegama, Director Operations

Mr. W M R R K Wijekoon, General Manager

Mr. S R Aluwihare, Deputy General Manager - Tea / Superintendent

Mr. T I Kodithuwakku, Senior Accountant

Mr. R M S S Herath, Manager - Information Systems

Mr. L P Tennakoon, Manager - Plantations

Mr. M P Bandara, Manager - Forestry

Mr. S P Wijedasa, Engineer - Plantation Sector

Mr. Janaka Gallappaththi, Manager - Coffee Planting

SECRETARIES

Richard Pieris Group Services (Pvt) Limited

No. 310, High Level Road,

Nawinna, Maharagama, Sri Lanka.

Telephone: + (94) 11 4310500

AUDITORS

Messrs. Ernst & Young,

Chartered Accountants,

Rotunda Towers

109, Galle Road,

Colombo 03, Sri Lanka.

BANKERS

National Development Bank PLC

Bank of Ceylon - Corporate Branch & Regional Branches

Hatton National Bank PLC

Peoples Bank

Seylan Bank PLC

Commercial Bank of Ceylon PLC

Indian Overseas Bank/Indian Bank/State Bank of India

Nations Trust Bank PLC

DFCC Bank PLC

Pan Asia Banking Corporation PLC

TAX ADVISORS

Messrs. Ernst & Young,

Chartered Accountants,

Rotunda Towers

109, Galle Road,

Colombo 03, Sri Lanka.

