



# **MASKELIYA PLANTATIONS PLC**

ANNUAL REPORT 2023/24



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# Vision, Mission & Objectives

## Vision

"To be a result oriented innovative tea Company, internationally reputed for quality"

## Mission

- To Customer - Produce quality tea that meets customer needs.
- To Employer - Be an employer of choice in the plantation sector.
- To Community - Be socially and environmentally responsible.
- To Stake Holders - Increase the wealth of our stake holders

## Objectives

"Provide a Return on Investment above the risk free investment rate to shareholders, Maintain market leadership, both in terms of quality and price, Optimise sustainable, land productivity, Maximise worker productivity, Operate within the concept of a sustainable environment, Optimise the use of available resources"



## Introduction to the Report

This MPPLC Annual Report reflects the Company's financial and non-financial performance covering the period from 1 April 2023 to 31 March 2024. We are pleased to present this report to a wide range of our stakeholders on behalf of the Company's Management.

We are committed to providing an exceptional level of transparency for our stakeholders by adopting narrative reporting formats including statutory annual reporting disclosures in accordance with Sri Lanka Accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka (SLFRS's LKAS's) and compliance with the requirements of the companies Act No 07 of 2007, Sri Lanka Accounting and Auditing standards Act No 15 of 1995, CSE listing rules and other relevant reporting requirements.

We hope that the Annual Report is informative, transparent, and inspiring. Comments and questions on the content report are welcome to the improvement of the report. Please direct your thoughts, comments, and questions to.

[mpl.rpk@arpico.com](mailto:mpl.rpk@arpico.com) or in writing to:

No.310, High Level Road,

Nawinna,

Maharagama.

Tel : 011-4310500



## Chairman's Review

### Dear Shareholders,

It is with great pleasure I present to you the Annual Report for Maskeliya Plantations PLC for the financial year ending 31 March 2024 recording a creditable performance amidst a tumultuous economic and political environment. Amid these developments, the Company demonstrated a stable performance, achieving revenue of Rs. 6.3 billion and a profit before tax of Rs. 761 million.

### Global and Sri Lankan Economic Overview

The global economy faced challenges in 2023, with overall growth declining from 3.5% in 2022 to 2.8%. Despite this, global inflation decreased from 8.7% to 6.8%. Persistent impacts of the economic situations of key economies and the ongoing Russia-Ukraine conflict have constrained economic expansion. Additionally, escalating tensions in the Middle East introduced further uncertainty into global markets.

Sri Lanka experienced a pivotal shift in 2023, recovering from the severe economic downturn of 2022. The country achieved positive GDP growth in the third (1.6%) and fourth (4.5%) quarters, ending a six-quarter period of contraction. However, the overall GDP contracted by 2.3% for the year.

Key industries such as Construction, Mining, Financial Services, IT Services, and Textile Manufacturing faced declines due to the challenging economic environment. Factors including restricted credit availability and supply chain disruptions impacted growth. Conversely, growth in the transport sector and a resurgence in tourism led to improvements in accommodation, food, and beverage services, signaling a recovery in these consumer-facing industries.

## Industry Overview

The Agriculture sector showed an improvement, with a 2.6% positive growth compared to a 4.6% contraction in the previous year. Enhanced access to fuel, fertilizers, and other agrochemical inputs were significant drivers of this turnaround.

However, adverse weather conditions, including droughts and floods, badly affected tea, rubber, and coconut production. The tea industry experienced a contraction due to these weather-related challenges. Overall tea production reached 256 million kg, with a 4.1% increment of tea exports but prices declining to Rs. 1,171.29 from Rs. 1,203.75.

## Company Performance

The Company reported revenue of Rs. 6.3 billion, reflecting a 3% increase from Rs. 6.1 billion in the previous year. Indeed, it is a great pleasure to present that your Company has successfully maintained a consistent increase in its turnover during recent past.

Profit before tax profit decreased to Rs. 761 million from Rs. 1.35 billion, while profit after tax fell to Rs. 468 million from Rs. 886 million. This decrease is primarily driven by a 20% rise in the cost of sales, resulting from a greater focus on enhancing inputs to tea fields and investing more in the maintenance and improvement of Company machinery and factory capacities. Despite the increase in the cost of sales, we firmly believe that this investment will yield greater results for the Company in the future.

Tea production increased to 6.1 million kg from 4.9 million kg, supported by investments in fertilizers and agrochemicals. The Company effectively managed good agricultural practices and maintained industrial standards, while also meeting its crop targets for the year.

Furthermore, your Company net assets per share improved by 24% compared to the previous year, reflecting an enhancement in the Company's asset base.

## Welfare Initiatives

Recognizing that our employees are our greatest asset, we have implemented various measures to support their health and well-being. The Company continues to offer fair remuneration, training opportunities, and a range of benefits to enhance their quality of life. During the year, Rs. 138 million was invested in employee welfare, including facilities such as crèches, medical services, and worker welfare programs.

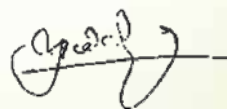
## Future Outlook

Sri Lanka is on a path to economic recovery despite global uncertainties. Ongoing geopolitical tensions, including the Russia-Ukraine conflict and new conflicts in the Middle East, are expected to impact global economic growth. Domestically, the upcoming Presidential and General Elections will be critical in ensuring political stability and continued economic progress. Effective management of trade balances and fiscal deficits will be essential for sustaining recovery. An increase in foreign remittances and tourism is anticipated to bolster foreign exchange inflows. Further development of export industries through technology and incentives will also be crucial.

Climate change poses a significant threat to plantation companies, affecting tea production. It is imperative for companies to adopt strategies to mitigate these impacts to sustain and grow their operations.

## Acknowledgement

In closing, I extend my sincere appreciation to the Board of Directors and the Management Team for their unwavering support throughout this challenging year. I am grateful to our dedicated employees for their hard work and commitment. I also thank our business partners, suppliers, and customers for their continued trust in the Company. Let us work together towards a prosperous future for all.



Dr.Sena Yaddehige  
Chairman  
28 August 2024  
Colombo

## Journey So Far...

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 and assigned to these Companies Estates that had been previously vested with the Government and managed by JEDB/SLSPC on a 53-year lease. Separate Managing Agents were also selected to manage each of these Companies and Maskeliya Plantations PLC is one of these companies.

The Managing Agent appointed by the Government in June 1992 was Uva Western Plantations (Pvt) Ltd. In January 1996, the Government offered 51% of the Issued Share Capital of Rs.200 million through the Colombo Stock Exchange to pre-qualified bidders. RPK Management Services (Pvt) Ltd (RPK), a 50:50 joint venture Company between Richard Pieris Company Ltd and John Keells Holdings Ltd being the successful bidder acquired the 51% stake at Rs.21/50 per share.

In September 1997, 20% of the Issued Share Capital consisting of 4,000,000 Ordinary Shares was offered to the public at a price of Rs.15/- per share. This offer was over subscribed many times over and on a pro-rata basis shares were allocated to more than 16,000 applicants. Subsequently, 19% of the Company's Share Capital amounting to 3,800,000 shares was sold through the Colombo Stock Exchange.

In December 1997, as the final step of the Government's privatization programme, the remaining 10% stake consisting 2,000,000 shares were gifted to the employees. Over 17,000 eligible employees qualified for these shares.

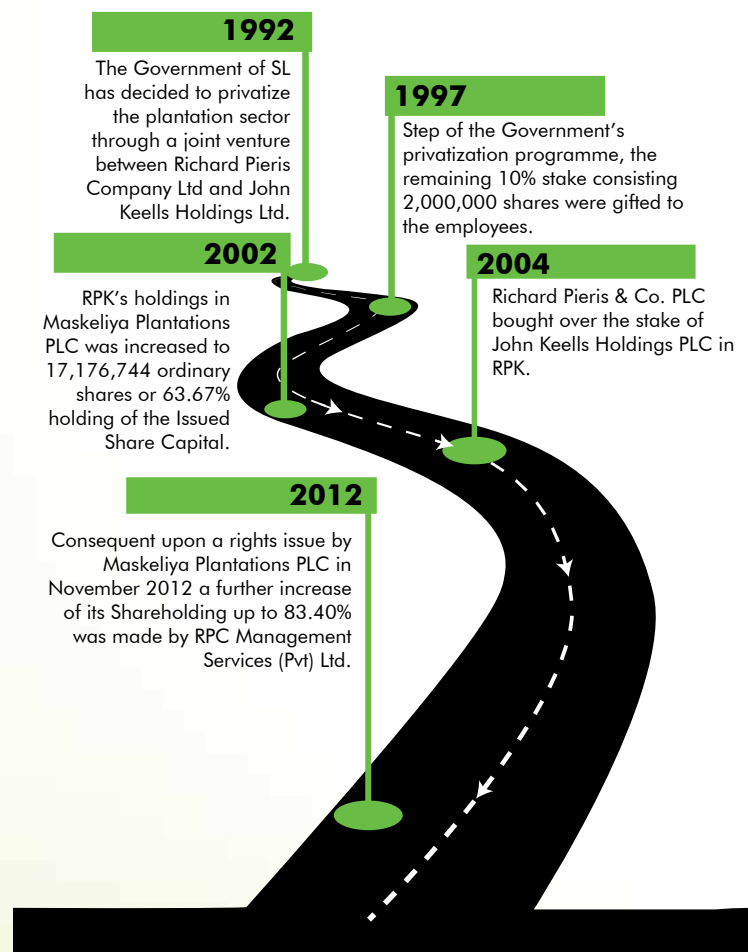
In February 1998, the Convertible Debentures held by Kegalle Plantations Ltd (KPL) were converted to 6,976,744 Ordinary Shares. As a result, the Share Capital of the Company increased to Rs.269,767,450 and KPL was allocated 28.6% of the Issued Share Capital

In September 2002, the shares held by Kegalle Plantations Ltd were sold to RPK Management Services

(Pvt) Ltd. As a result RPK's holdings in Maskeliya Plantations PLC was increased to 17,176,744 ordinary shares or 63.67% holding of the Issued Share Capital.

On 31 March 2004, Richard Pieris & Co. PLC bought over the stake of John Keells Holdings PLC in RPK. Thereby RPK became a wholly owned subsidiary of Richard Pieris & Co. PLC and to reflect this change, the name of the Company too was changed as RPC Management Services (Pvt) Ltd.

Subsequently, RPC Management Services (Pvt) Ltd increased its Shareholding of Maskeliya Plantations PLC to 73.48%. Consequent to a rights issue by Maskeliya Plantations PLC in November 2012 a further increase of its Shareholding up to 83.40% was made by RPC Management Services (Pvt) Ltd.



# Financial Calendar



# We Are Maskeliya

## Our Future

- To be the most admired Plantation Company in Sri Lanka.

## Our Purpose

- Growing Maskeliya Plantations to be the industry leader in the Sri Lanka

## Our Values

- Our Approach - Integrity, Honesty, Open and Transparent
- Our Solutions - Innovation, Improvement through Continuous Change
- Our heritage - Preseverance, Determination and Resilience
- Our Promise - Responsibilities

## Our Value Creations



# MASKELIYA PLANTATIONS PLC

## Company Structure



## Upcot Region - Western High



### Brunswick

**Extent (Hectares)** 676.26

**Postal Address** Brunswick Estate  
Maskeliya/22070

**Distance from Colombo (Km)** 153

**Production Capacity Kg. ' 000** 1900

**Nos Workers** 541

**Elevation (Meters)** 1,250

**Factories** 1

**Other Buildings** 1,521



### Glenilt

**Extent (Hectares)** 456.85

**Postal Address** Glenilt Estate -  
Maskeliya/22070

**Distance from Colombo (Km)** 139

**Production Capacity Kg. ' 000** 828

**Nos Workers** 243

**Elevation (Meters)** 1,320

**Factories** 1

**Other Buildings** 1,198



### Glenugie

**Extent (Hectares)** 309.15

**Postal Address** Glenugie Estate -  
Upcot / 22075

**Distance from Colombo (Km)** 154

**Production Capacity Kg. ' 000** 759

**Nos Workers** 309

**Elevation (Meters)** 1,325

**Factories** 1

**Other Buildings** 910



### Mocha

**Extent (Hectares)** 422.25

**Postal Address** Mocha Estate -  
Maskeliya / 22070

**Distance from Colombo (Km)** 140

**Production Capacity Kg. ' 000** 820

**Nos Workers** 402

**Elevation (Meters)** 1,335

**Factories** 1

**Other Buildings** 1,077



### Strathspey

**Extent (Hectares)** 703.62

**Postal Address** Strathspey Estate -  
Upcot / 22075

**Distance from Colombo (Km)** 156

**Production Capacity Kg. ' 000** 1,656

**Nos Workers** 480

**Elevation (Meters)** 1,327

**Factories** 1

**Other Buildings** 1,937

## Maskeliya Region - Western High



### Brownlow

**Extent (Hectares)** 245.75

**Postal Address** Brownlow Estate - Maskeliya / 22070

**Distance from Colombo (Km)** 137

**Production Capacity Kg. ' 000** Silent

**Nos Workers** 88

**Elevation (Meters)** 1,200

**Factories (Silent)** -

**Other Buildings** 947



### Hapugastenne

**Extent (Hectares)** 323.77

**Postal Address** Hapugastenne Estate - Maskeliya / 22070

**Distance from Colombo (Km)** 138

**Production Capacity Kg. ' 000** 960

**Nos Workers** 85

**Elevation (Meters)** 1,189

**Factories** 1

**Other Buildings** 463



### Laxapana

**Extent (Hectares)** 737.05

**Postal Address** Laxapana Estate - Maskeliya / 22070

**Distance from Colombo (Km)** 166

**Production Capacity Kg. ' 000** 1,311

**Nos Workers** 592

**Elevation (Meters)** 1,160

**Factories** 1

**Other Buildings** 1,177



### Moray

**Extent (Hectares)** 682.35

**Postal Address** Moray Estate - Maskeliya / 22070

**Distance from Colombo (Km)** 153

**Production Capacity Kg. ' 000** 1,200

**Nos Workers** 494

**Elevation (Meters)** 1,185

**Factories** 1

**Other Buildings** 1,213



### Mousakelle

**Extent (Hectares)** 558.75

**Postal Address** Mousakelle Estate - Maskeliya / 22070

**Distance from Colombo (Km)** 140

**Production Capacity Kg. ' 000** 1,200

**Nos Workers** 219

**Elevation (Meters)** 1,372

**Factories** 1

**Other Buildings** 1,526

## Talawakelle Region - Western High



### Ferham

<b>Extent (Hectares)</b>	313.21
<b>Postal Address</b>	Ferham Estate - Talawakelle / 22100
<b>Distance from Colombo (Km)</b>	164
<b>Production Capacity Kg. ' 000</b>	Silent
<b>Nos Workers</b>	124
<b>Elevation (Meters)</b>	1,345
<b>Factories (Silent)</b>	-
<b>Other Buildings</b>	682



### St. Clair

<b>Extent (Hectares)</b>	519.69
<b>Postal Address</b>	St. Clair Estate - Talawakelle / 22100
<b>Distance from Colombo (Km)</b>	156
<b>Production Capacity Kg. ' 000</b>	800
<b>Nos Workers</b>	241
<b>Elevation (Meters)</b>	1,200
<b>Factories</b>	1
<b>Other Buildings</b>	1,523



### Talawakelle

<b>Extent (Hectares)</b>	399.23
<b>Postal Address</b>	Talawakelle Estate - Talawakelle / 22100
<b>Distance from Colombo (Km)</b>	159
<b>Production Capacity Kg. ' 000</b>	1,300
<b>Nos Workers</b>	147
<b>Elevation (Meters)</b>	1,219
<b>Factories</b>	1
<b>Other Buildings</b>	908



### Troup

<b>Extent (Hectares)</b>	287.75
<b>Postal Address</b>	Troup Estate - Talawakelle / 22100
<b>Distance from Colombo (Km)</b>	144
<b>Production Capacity Kg. ' 000</b>	500
<b>Nos Workers</b>	166
<b>Elevation (Meters)</b>	1,379
<b>Factories</b>	1
<b>Other Buildings</b>	409

# Bandarawela Region - Uva High



## Ampittiakande

<b>Extent (Hectares)</b>	1,241.62
<b>Postal Address</b>	Ampittiakande Estate - Poonagala SPO / 90100
<b>Distance from Colombo (Km)</b>	224
<b>Production Capacity Kg. ' 000</b>	800
<b>Nos Workers</b>	400
<b>Elevation (Meters)</b>	1,295
<b>Factories</b>	1
<b>Other Buildings</b>	563



## Craig

<b>Extent (Hectares)</b>	418.48
<b>Postal Address</b>	Craig Estate - Bandarawella / 90104
<b>Distance from Colombo (Km)</b>	212
<b>Production Capacity Kg. ' 000</b>	950
<b>Nos Workers</b>	315
<b>Elevation (Meters)</b>	1,402
<b>Factories</b>	1
<b>Other Buildings</b>	1,042



## Leangawella

<b>Extent (Hectares)</b>	460.79
<b>Postal Address</b>	Leangawella Estate - Leangawella SPO / 90106
<b>Distance from Colombo (Km)</b>	217
<b>Production Capacity Kg. ' 000</b>	Silent
<b>Nos Workers</b>	160
<b>Elevation (Meters)</b>	1,167
<b>Factories (Silent)</b>	-
<b>Other Buildings</b>	831



## Poonagalla

<b>Extent (Hectares)</b>	1,804.76
<b>Postal Address</b>	Poonagalla Estate - Poonagalla SPO / 90100
<b>Distance from Colombo (Km)</b>	225
<b>Production Capacity Kg. ' 000</b>	2,100
<b>Nos Workers</b>	383
<b>Elevation (Meters)</b>	1,402
<b>Factories</b>	1
<b>Other Buildings</b>	1,793

# Land Marks

**Upcot Region & Maskeliya Region/  
Western High**

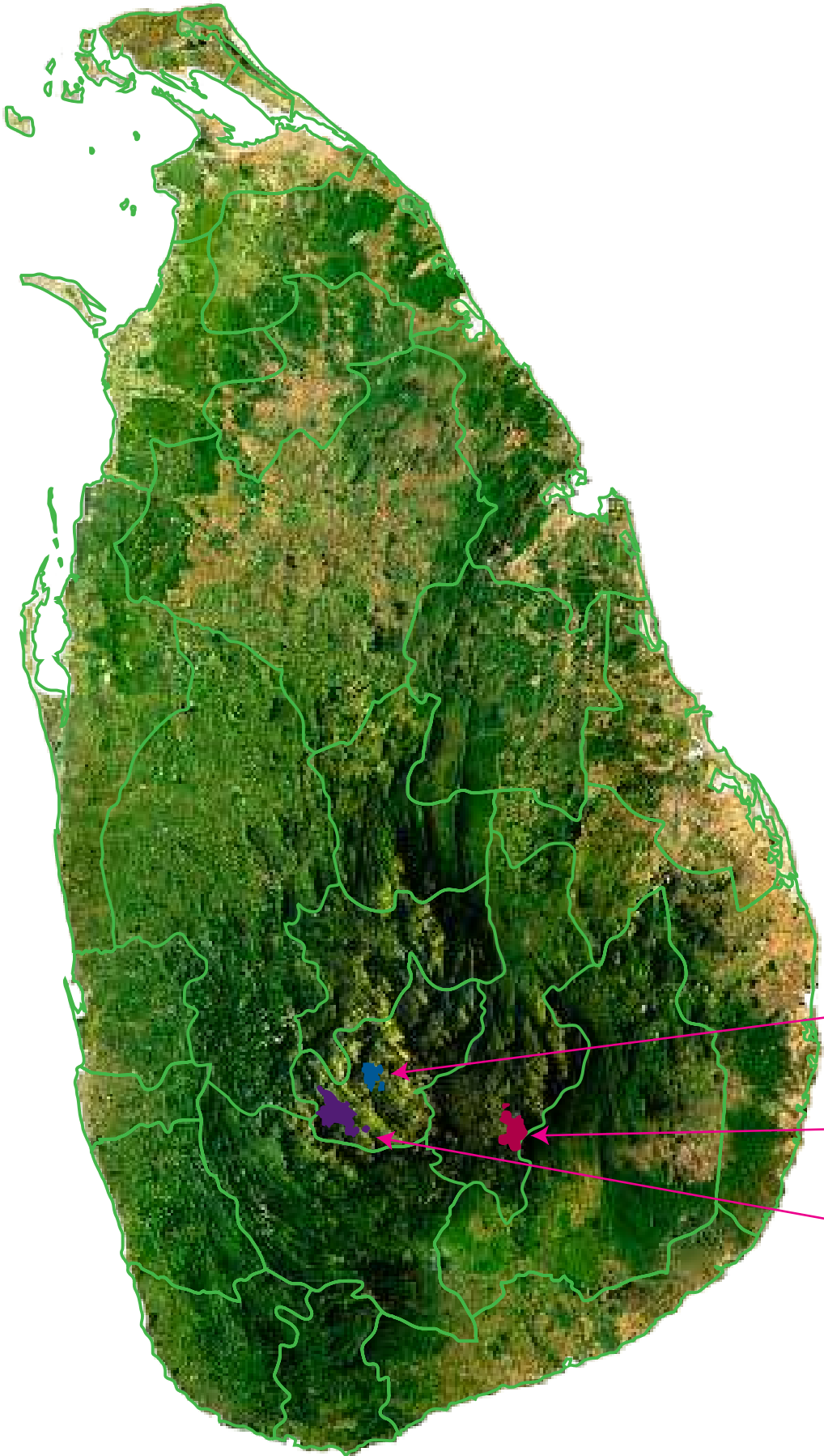


**Bandarawela Region/  
Uva High**



**Talawakelle Region/  
Western High**





**Talawakelle Region/  
Western High**

**Bandarawela Region/  
Uva High**

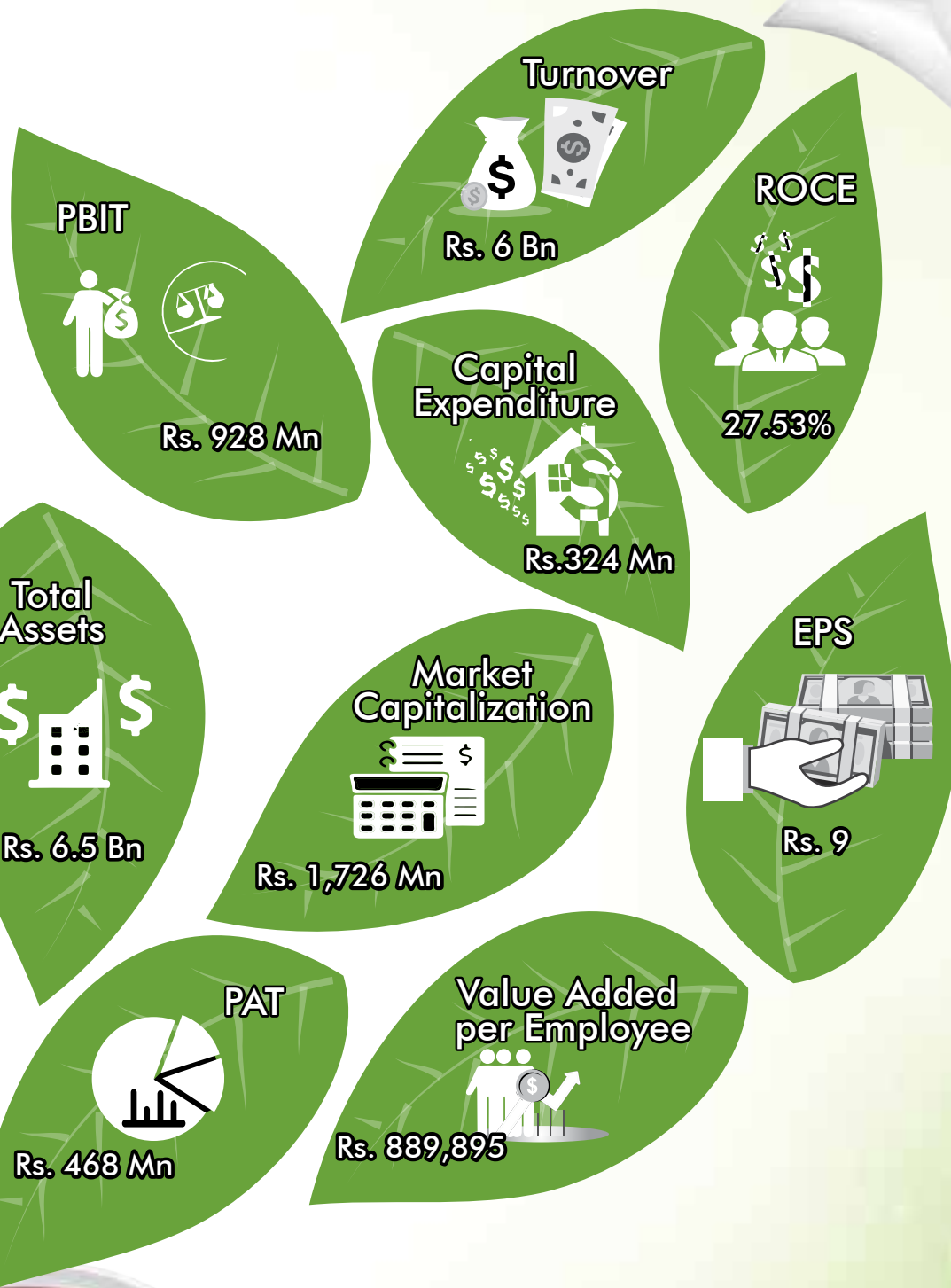
**Upcot Region &  
Maskeliya Region/  
Western High**

# Financial Highlights

## Performance - Year Ended 31 March 2024

Performance - Year Ended 31 March		2024	2023	Variance %
Revenue	Rs'000	6,328,771	6,169,527	3%
Profit/(Loss) before Interest and Tax	Rs'000	927,921	1,576,847	(41%)
Profit/(Loss) after Tax	Rs'000	468,101	886,551	(47%)
Capital Expenditure	Rs'000	323,893	164,324	97%
Financial Position as at 31 March				
Fixed Assets	Rs'000	4,773,108	4,341,957	10%
Current Assets	Rs'000	1,717,039	1,829,223	(6%)
Total Assets	Rs'000	6,490,147	6,171,180	5%
Current Liabilities	Rs'000	1,966,626	2,272,374	13%
Shareholders' Fund	Rs'000	2,166,923	1,751,538	24%
Stated Share Capital	Rs'000	673,721	673,721	-
Capital Employed	Rs'000	2,414,840	2,200,062	10%
Key Indicators				
Earnings/(Loss) Per Share	Rs.	8.68	16.43	(47%)
Net Asset Value Per Share	Rs.	40.16	32.46	24%
Market Price of a Share	Rs.	32.00	36.50	(12%)
Return on Capital Employed	%	27.53	56.83	(52%)
Market Capitalization	Rs'000	1,726,512	1,969,302	(12%)
Return on Average Equity	%	23.89	71.93	(67%)

# Key Performance



## **DR. SENA YADDEHIGE** Chairman



The business legacy of Dr. Sena Yaddhige 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. Yaddhige is also a Swiss-based industrialist, with numerous ventures in multiple countries.

Under the leadership of Dr. Yaddhige, 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. Yaddhige 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. Yaddhige 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. Yaddhige 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. Yaddhige also pioneered the development unit for Lithium batteries in Sri Lanka.

Apart from his professional and scientific accolades, he was awarded with 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.

## **MR. SHAMINDA YADDEHIGE** Director



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

Mr. Yaddhige 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. Yaddhige 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. Yaddhige 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.

**DR. SAMAN HETTIARACHCHI**  
**Director**



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

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

Involving in the Governing Boards and Councils affiliated to Tea Industry, Agriculture and Tertiary Education, and National Committees of the Departments, Organizations and Institutions, and interacting with the Private sector organizations along with the stakeholders, he is quite aware about decision making and policy development processes in local environments. Besides, having to interact with global, regional and local organizations and entrepreneurs, he is acquainted with the Global Tea industry issues as well.

**DR. SARATH SAMARAWEERA**  
**Director**



Dr. Sarath Samaraweera is an Honours graduate in Mechanical Engineering with 54 years involvement in Tea Industry in Sri Lanka. He holds a Doctorate from the University of London, Imperial Collage of Science and Technology. He is a Chartered Engineer.

As the Development Engineer of the Tea Research Institute, he was responsible for the development of first-ever Fluidized Bed Dryer for Tea. He was the Technologist and Assistant Director of the Institute till 1990. He then joined the private sector, first in South Africa and then with Tea Smallholder Factories PLC, a subsidiary of John Keells Holdings PLC Colombo, as the Head of Operations before retiring in 2011.

He was a Commissioner of the "Presidential Commission of Inquiry into problems facing the Tea Industry and Trade", famously known as the "Kelegama Commission". Over the decades, he has provided consultancy services to many state and industry institutions leading to improvement of tea processing sector in Sri Lanka. He was the National Consultant to the UNDP-GEF Mid Term Review of NAMA in the Energy Generation and End-User Sectors in Sri Lanka. In 2019 and in 2020, he undertook consultancies for GIZ "Powering for Agriculture" on several projects related to the industry drive towards environmentally sustainable tea industry in Sri Lanka.

He continues to serve many Consultative Committees of the Tea Research Board. He is an Honorary Member of the Colombo Tea Traders Association and functions the Committee as an Industry Expert. He is also an Honorary Member of Sri Lanka Tea Factory Owners Association and an Honorary Life member of the Institution of Engineers Sri Lanka.



## Key Personnel - Head Office

Mr. V Pusselle - Acting Chief Executive Officer

Mr. H K Caldera - Senior Accountant

Mr. H M B M Jayathilake - Accountant

Mr. R M S S Herath - (Manager) Information Systems

Mr. L Tennakon - Manager Plantation

Mr. M P Bandara - Manager Forestry

Mr. J P Gallappaththi - Manager Coffee

Ms. K A Weerakkody - Assistant Manager

Mr. M D C K Gunathilake - Assistant Manager

Mr. Menura Muthuhansa - Assistant Accountant

Ms. K A D A K Sirivardana - Accounts Executive

# Key Personnel - Estates

## **Talawakelle**

**Deputy Chief Operating Officer** - I A A D Weerakoon

**Asst. Superintendent** - B D Randira  
W M G Alexander

## **Glentilt**

**Superintendent** - L K Abayawardena

**Asst. Superintendent** - Mr C M Wanasinghage

## **Hapugastenne**

**Superintendent** - A G R U Amilasiri

## **Laxapana**

**Deputy General Manager** - Mr. T N B Herath

**Asst. Superintendent** - K M L Sandaruwan  
A U T Attigodage

## **Moray**

**Superintendent** - M H B Galahitiya

**Asst. Superintendent** - Mr. W M I R A Bandara

## **Ferham**

**Superintendent** - J M K B Jayasekara

**Asst. Superintendent** - K P D C H Kodagoda

## **Ampittiakanda**

**Superintendent** - A R M D C Abeykoon

**Asst. Superintendent** - Nuwantha Kapukotuwa

## **Brownlow**

**Superintendent** - W S K Sri Colambage

## **Leangawella**

**Superintendent** - J Kobinath

**Green House Manager** - S R P M Somathilake

## **Brunswick**

**Superintendent** - J M N M Jayaweera

**Asst. Superintendent** - P L S W Sandaruwan  
H M L H Bandara  
U L P K Jayarathna

## **Glenugie**

**Superintendent** - H M T K Houpe

**Asst. Superintendent** - M V D M T Gunasekara

## **Mocha**

**Superintendent** -

**Asst. Superintendent** - A J W M M M Bandara

## **Moussakelle**

**Superintendent** - W A K G Wimalasena

**Asst. Superintendent** - Harshan Ramadas

## **Strathspey**

**Superintendent** - S E B Madugalla

**Asst. Superintendent** - K A K L Kumarasinghe  
A M Wanasinghe  
P K N Perera

## **St. Clair**

**Superintendent** - S M N S Dassanayake

**Asst. Superintendent** - W M M D D P Weerasinghe

## **Troup**

**Superintendent** - K S K Nanda

**Asst. Superintendent** - A R N P Athauda

## **Craig**

**Superintendent** - B V G Madushanka

**Asst. Superintendent** - M Manojan

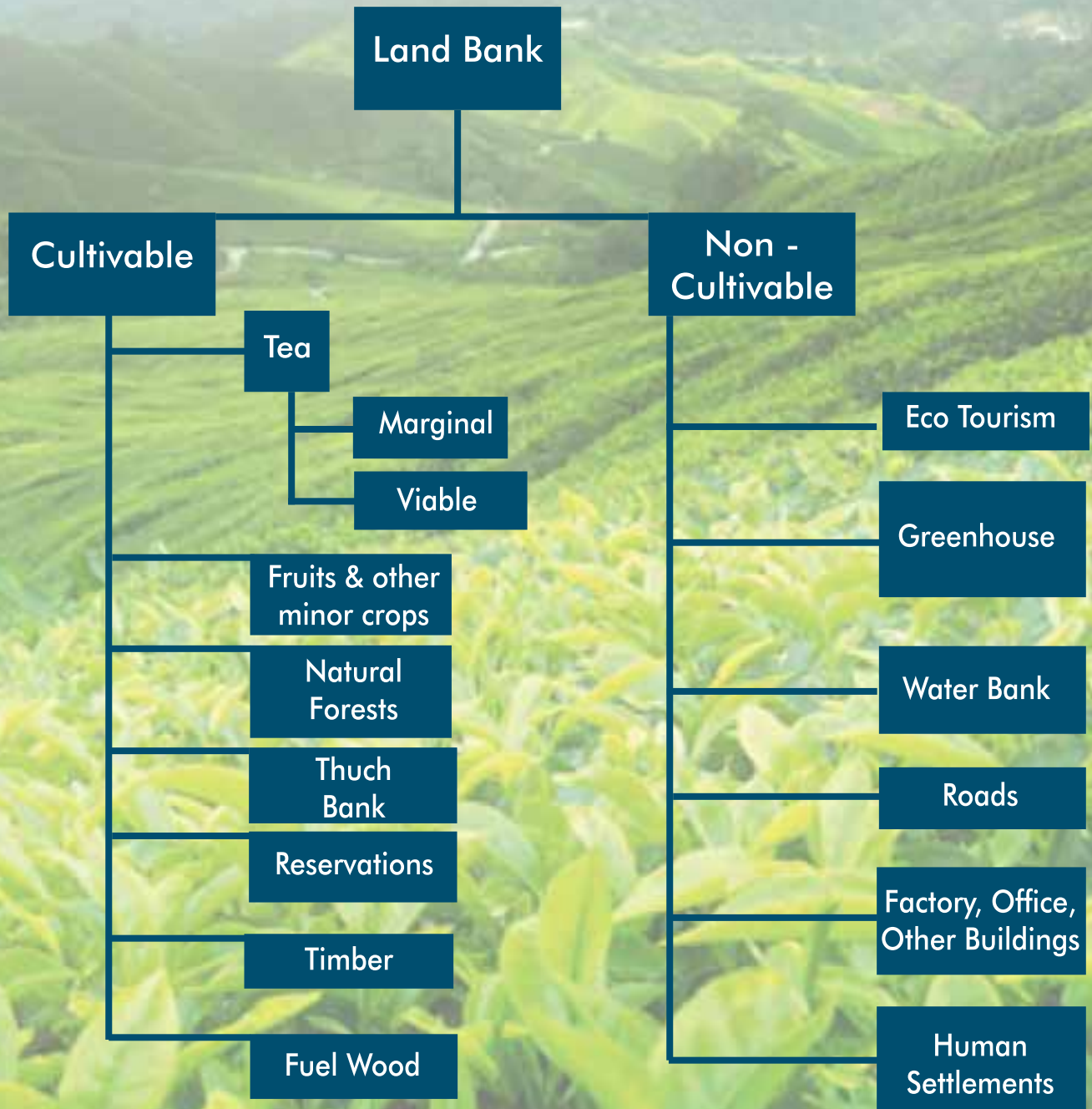
## **Poonagalla**

**Superintendent** - W D R Amarasinghe

**Asst. Superintendent** - W D Wijaykumar  
P N Senadeera

### Sustainable Use of Land Resources

As the most important natural resources, sustainable use of land resources is the essential guarantee of sustainable development. The nature of sustainable use of land resources is to retain the quantity and productivity of land resources from generation to generation. The evaluation of sustainable use of land resources is an important method to ensure land-use to get onto the sustainable track.



# Regional Outcomes

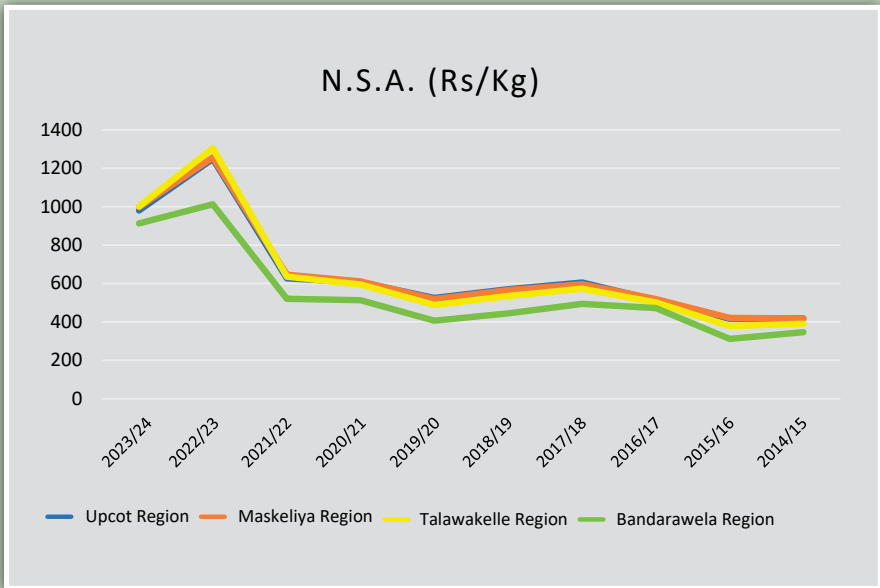
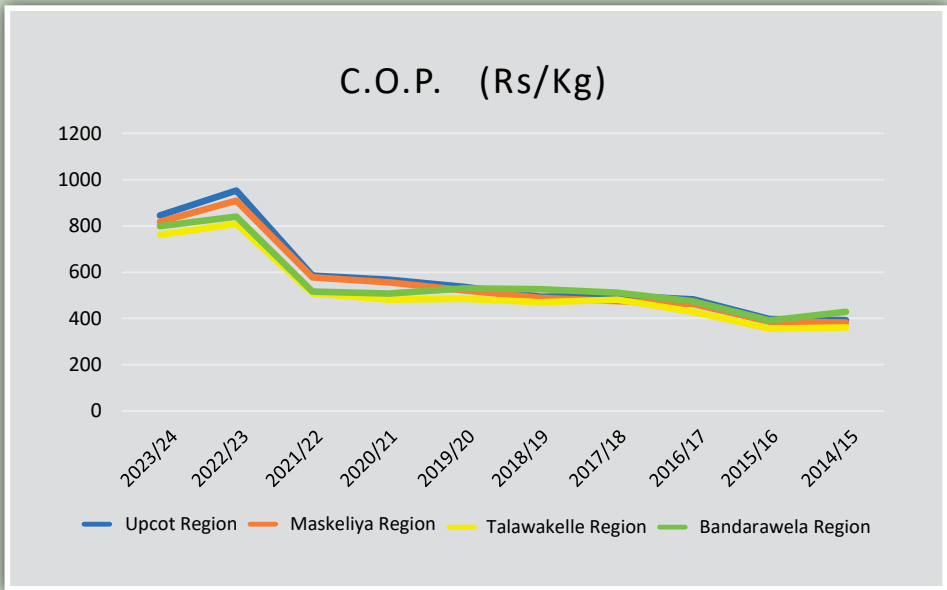
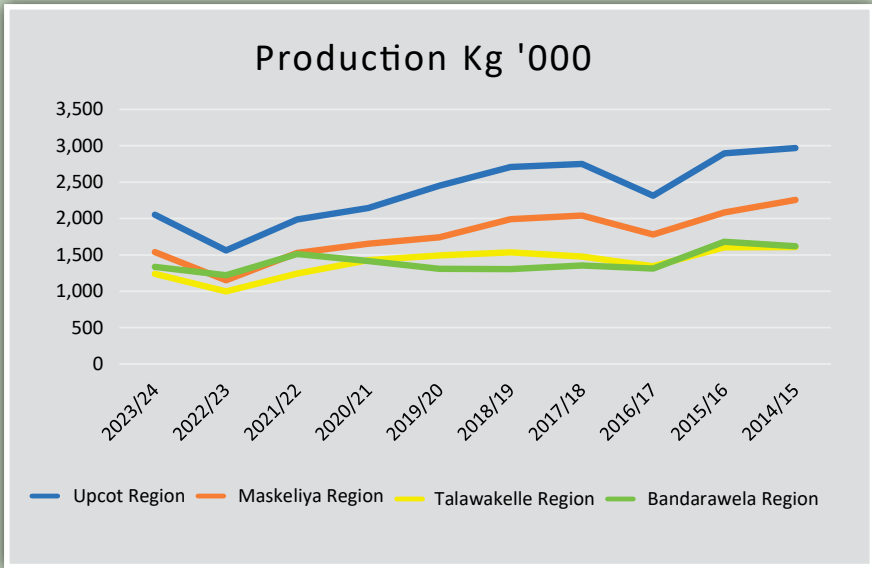
Regions	Extent (Revenue) - Hectares									
	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Upcot Region	1,744.02	1,714.25	1,742.95	1,745.95	1,749.44	1,752.32	1,750.02	1,752.61	1,742.13	1,730.68
Maskeliya Region	1,303.51	1,303.81	1,303.60	1,324.37	1,330.12	1,325.62	1,323.90	1,335.34	1,326.34	1,346.73
Talawakelle Region	1,004.23	1,004.23	1,004.23	1,004.23	1,004.23	1,005.00	1,010.98	1,018.48	1,015.71	1,015.26
Bandarawela Region	1,328.59	1,325.59	1,334.59	1,340.21	1,474.36	1,474.36	1,469.36	1,493.40	1,490.83	1,498.71
<b>Total</b>	<b>5,380.35</b>	<b>5,347.88</b>	<b>5,385.37</b>	<b>5,414.76</b>	<b>5,558.15</b>	<b>5,557.30</b>	<b>5,554.26</b>	<b>5,599.83</b>	<b>5,575.01</b>	<b>5,591.38</b>

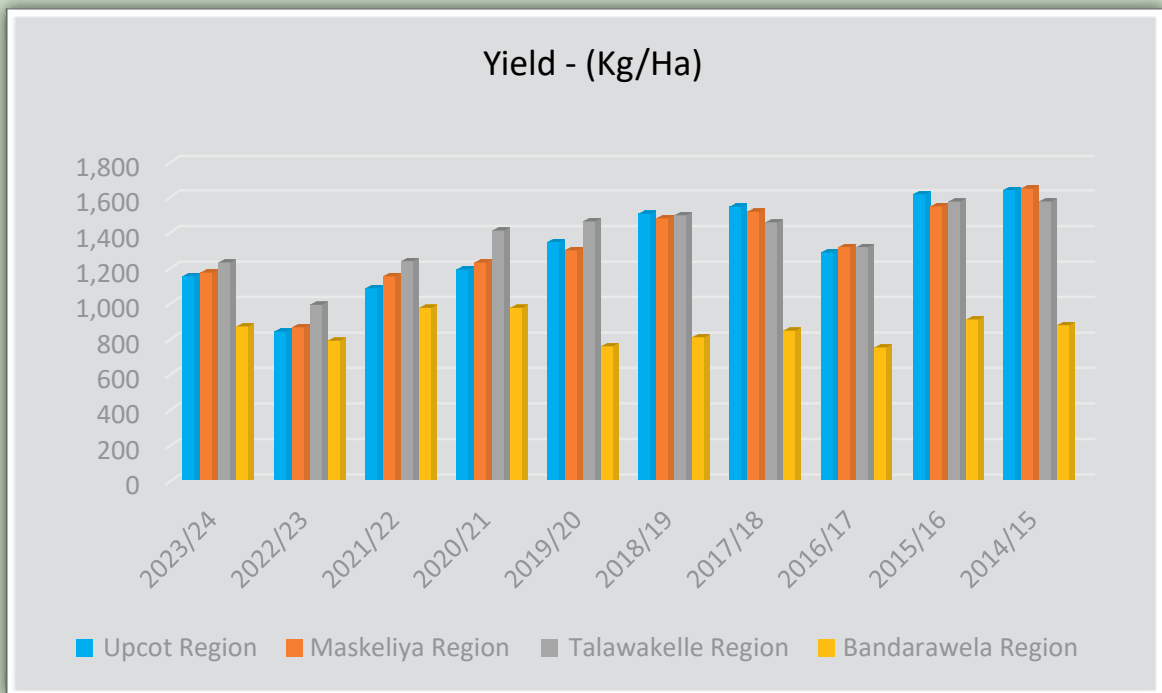
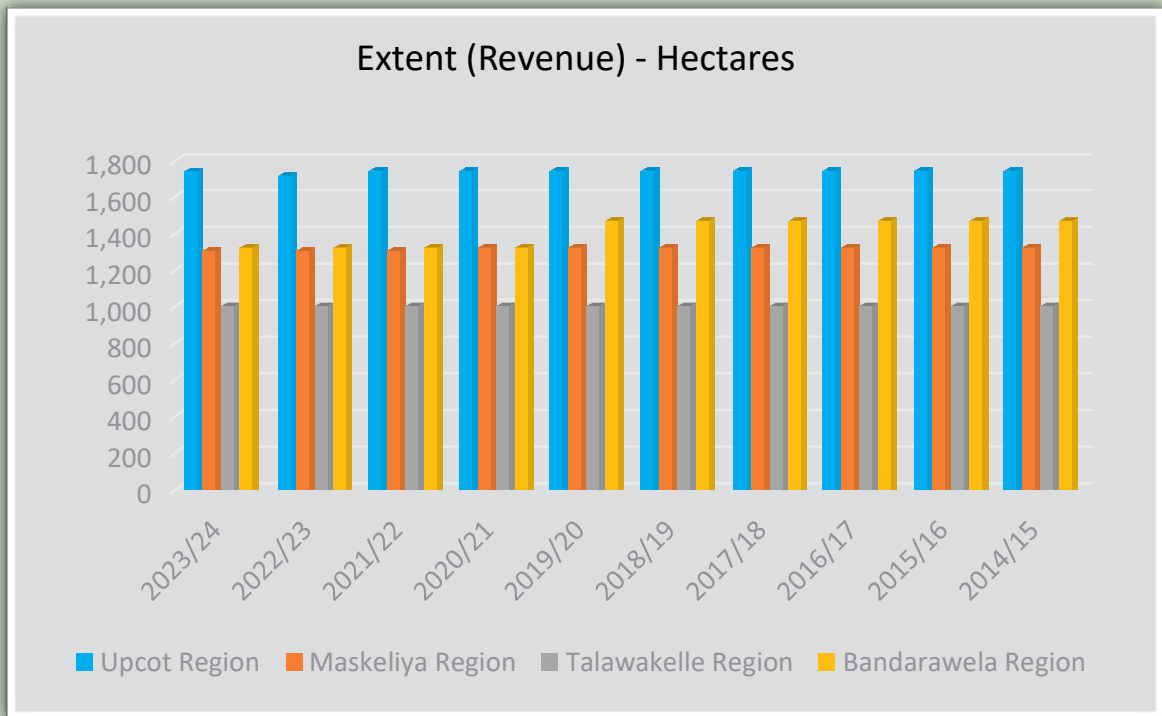
Regions	Production Kg '000									
	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Upcot Region	2,051	1,562	1,988	2,145	2,451	2,707	2,751	2,313	2,896	2,969
Maskeliya Region	1,540	1,151	1,525	1,653	1,742	1,991	2,042	1,781	2,083	2,255
Talawakelle Region	1,240	998	1,244	1,428	1,492	1,535	1,477	1,343	1,603	1,607
Bandarawela Region	1,336	1,221	1,513	1,416	1,307	1,303	1,354	1,314	1,681	1,619
<b>Total</b>	<b>6,168</b>	<b>4,933</b>	<b>6,270</b>	<b>6,643</b>	<b>6,992</b>	<b>7,536</b>	<b>7,624</b>	<b>6,751</b>	<b>8,263</b>	<b>8,450</b>

Regions	Yield - (Kg/Ha)									
	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Upcot Region	1,156	840	1,090	1,193	1,352	1,512	1,548	1,295	1,618	1,643
Maskeliya Region	1,176	866	1,156	1,235	1,303	1,486	1,524	1,320	1,552	1,656
Talawakelle Region	1,235	994	1,239	1,417	1,466	1,500	1,461	1,319	1,578	1,582
Bandarawela Region	872	790	974	903	759	812	846	752	910	879
<b>Total</b>	<b>1,105</b>	<b>863</b>	<b>1,105</b>	<b>1,173</b>	<b>1,204</b>	<b>1,318</b>	<b>1,341</b>	<b>1,160</b>	<b>1,406</b>	<b>1,430</b>

Regions	N.S.A. (Rs/Kg)									
	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Upcot Region	980.16	1,249.75	627.40	606.70	524.40	570.53	604.66	512.84	416.55	418.10
Maskeliya Region	998.61	1,256.56	646.64	611.32	519.20	565.36	596.64	518.65	420.46	418.75
Talawakelle Region	1,000.56	1,304.46	635.98	594.66	487.70	534.48	572.82	501.90	378.95	391.09
Bandarawela Region	913.79	1,012.90	520.30	512.39	407.18	444.77	493.62	471.63	311.81	346.06
<b>Total</b>	<b>974.49</b>	<b>1,203.76</b>	<b>607.93</b>	<b>585.15</b>	<b>493.36</b>	<b>540.08</b>	<b>576.63</b>	<b>504.18</b>	<b>388.93</b>	<b>399.33</b>

Regions	C.O.P. (Rs/Kg)									
	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Upcot Region	845.92	953.13	585.08	567.35	535.66	493.69	499.12	482.52	397.20	392.08
Maskeliya Region	817.37	909.12	576.90	556.80	521.27	489.06	474.72	462.19	385.74	382.42
Talawakelle Region	761.20	808.60	508.14	481.46	485.48	470.25	481.11	428.15	355.84	361.53
Bandarawela Region	799.58	840.26	516.10	506.89	529.97	525.82	511.49	473.72	391.25	428.93
<b>Total</b>	<b>811.72</b>	<b>885.66</b>	<b>551.18</b>	<b>533.37</b>	<b>520.30</b>	<b>493.24</b>	<b>491.29</b>	<b>464.63</b>	<b>385.08</b>	<b>390.75</b>





# Value Added Statement

	2023/24	2022/23
	Rs.'000	Rs.'000
Revenue	6,328,771	6,169,527
Other Income/Loss	(4,449)	17,392
<b>Total Revenue</b>	<b>6,324,322</b>	<b>6,186,919</b>
Cost of Material & Services Purchased	(1,100,639)	(755,431)
<b>Value Added</b>	<b>5,223,683</b>	<b>5,431,488</b>
<b>Distribution of Value Added</b>		
A. To Employees as Remuneration	2,678,684	2,915,046
B. To Government(Tax etc)	57,589	15
C. To Lenders of Capital	167,048	225,696
E1. Provision for Depreciation	161,672	139,071
E2. Profit Retained	2,158,690	2,151,660
<b>Value added</b>	<b>5,223,683</b>	<b>5,431,488</b>
Value Added per Employee (Rs.)	889,895	804,664
Value Added as a % of Fixed Assets	109%	125%
Value Added as a % of Total Assets	80%	88%
Value Added as a % of Capital Employed	216%	247%

# Company Financial & Operational Highlights

## Company Overview

Maskeliya Plantations PLC (MPPLC) is a Company based in Sri Lanka and listed in the Colombo Stock Exchange. It is managed by the RPC Management Services (Pvt) Ltd and involved in the tea cultivation and processing. The Company has 18 Estates operating in four agro-climatic regions, namely Maskeliya, Upcot, Talawakelle and Bandarawela. The total extent of land in the Company is 10,561 ha, of which 5,380 ha have been cultivated with Tea.

The Company has 14 factories in operation, processing black Tea with Rotorvane and Leafy manufacturing methods. A separate designated factory is in operation to re-process Reclaimable Teas at Hapugastenna Estate.

All the Estates adhere to Good Agricultural and Manufacturing Practices (GAPs & GMPs) in accordance with the industry standards and the guidelines set-forth by the Sri Lanka Tea Board and Tea Research Institute of Sri Lanka. To ensure quality, safety, and environmental sustainability, Company maintains the following certifications:

### Quality and Safety Certifications

ISO 22000/2018: Focuses on food safety management systems and is crucial for Companies involved in food production, including tea.

### Sustainability and Environmental Certifications

Rainforest Alliance: Certifies Estates and Processing Centers that meet standards for environmental sustainability, social equity, and economic viability.

## Employment Strengths

	Male	Female	Total
Workers	2,258	3,131	5,389
Staff	328	101	429
Executive	50	2	52

## Industry Overview 2023/2024

Sri Lanka exports approximately 50% of tea in value-added form. Value added tea products include green tea, flavored tea, organic tea, instant tea, iced tea and consumer packs. The tea exports reached USD 1.31 bn in 2023. However, the quantity of tea exported decreased by Rs 8.2 mn compared to the previous year, totaling 242 mn kilograms. The volume of Sri Lanka's tea exports is directly linked to production levels. The harvest has been adversely affected by several issues since 2021, including ban on fertilizer imports and herbicide use, which have been recognized as key contributory factors. Nonetheless, Sri Lanka's tea crop harvest showed a marginal improvement in 2023, indicating a gradual recovery from the impact of abrupt policy decisions and erratic weather episodes due to climate change. The cumulative tea production for 2023 was 256.04 mn kilograms, with an increase of 4.20 mn kilograms from 251.84 mn kilograms in 2022.

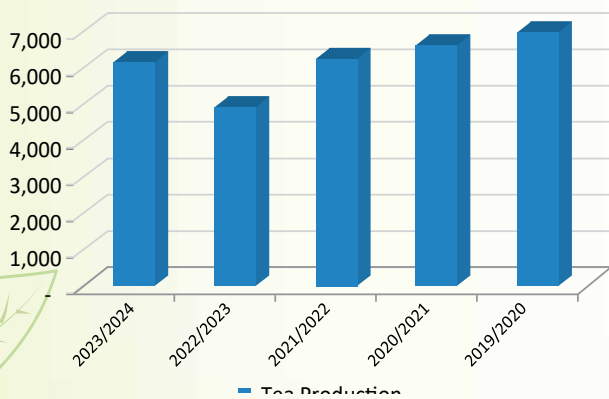
Although current trends in the tea sector inspire stakeholders as being evidenced by increased stability at the prices realized at concluded auctions along with positive growth in tea production. It is absolutely essential the emphasis is made to set up long-term objectives to enhance earnings and strengthen industry resilience. The higher

proportion of bulk tea in total exports indicates there are opportunities for the development and promotion of value-added products together with inherent health beneficial properties in tea and increase domestic per capita consumption.

**Company Operational and Financial Performance**

The year under review was another notable period for Maskeliya Plantations PLC. Tea production increased by about 25% in compared to the prior year, reaching a total of 6.1 mn kilograms. Additionally, the Company achieved a 3% rise in turnover, amounting to LKR 6.3 bn. Despite this production improvement, the Company's Net Sales Average (NSA) was lower by 19% compared to prior year, recording LKR 975 per kilogram.

**Tea Production**



In response, the Company concentrated in upgrading machinery and factories, investing a sum of LKR 86 mn in capital expenditures while another sum of LKR 85 mn in revenue-related improvements. Also, Company recognized a continuous reduction in its active workforce owing to the migration of younger employees to other industries such as hospitality and retail. To address this, MPPLC has paid attention to mechanize key agricultural operations, investing LKR 30 mn in the purchase of motorized plucking machines and hand-held shears, pruning machines, mist blowers, and sprayers.

The cost of sales increased by 20%, primarily

due to investments made in procuring chemical fertilizers, field maintenance operations and machinery upkeep.

**Crop Diversification**

Maskeliya Plantations PLC, primarily known for its tea cultivation and processing, has diversified its operations continuously to other sectors. This move aligns with the Company strategies to explore alternative crops and optimize cultivable land use.

**Coffee**



Coffee planting project commenced in 2022/23 period with an extent of 85 ha, was expanded by an additional 100 ha during the year, with a total investment of LKR 150 mn. In this endeavor,

Maskeliya Plantations PLC ensured selecting varieties adaptable to local conditions. During this year, coffee were primarily planted in the Ampitiakande and Poonagala Estates, covering 50 ha extent in each Estate, with a view to recognizing Poonagala valley as the Company's "Coffee Hub".

A comprehensive fertilization program together with suitable crop husbandry package has been implemented, based on soil analysis, incorporating both organic and chemical fertilizers to enhance plant health and productivity. The growth of coffee plants has been satisfactory, and bearing will commence in the latter part of the 2024/25 period.

Depending on production scale and specific requirements, cherries will be harvested once they reach full ripeness, using manual and mechanical methods. The harvested cherries will be processed using appropriate methods to achieve the desired coffee quality. Company plans to establish a modern processing center in Poonagala valley, designated for the coffee cultivations.

### **Other Crops**

Maskeliya Plantations PLC has diversified its agricultural portfolio by initiating the planting Lemons and Pears. This strategic expansion is designed to enhance crop diversity and capitalize on the favorable climatic conditions in the agro-climatic region for fruit production. The Company invested LKR 17 mn in this initiative during the 2023/24 financial year.

## **Leisure Sector and Biodiversity**

### **Mahakande Bungalow**



Mahakande Bungalow plays a crucial role in supporting the operational and hospitality needs of Maskeliya Plantations PLC, contributing to the overall effectiveness and efficiency of the plantation's management and guest services. About Ten guests could occupy the bungalow.

### **Devon Bungalow**



Devon bungalow is an old mansion located along the Hatton Nuwara-Eliya high way nearer to Talawakelle town in the Dimbula region, right in front of the fabulous Devon waterfall. It has pictorial view of Devon waterfall as well as St.Clair waterfall with a magnificent view covering High-grown tea plantations in the surrounding.

This bungalow was built by British in 1923 in the Devon Estate and it has successfully completed about 101 years, providing hospitality service to travelers. This property belongs to St.Clair Estate coming under the purview of Maskeliya Plantations PLC following the amalgamation of Devon Estate with St.Clair Estate. The bungalow consists of spacious dining area and comfortable living rooms and about Ten guests could easily occupy this bungalow.

### **Fishing Hut and Blue Magpie**



Maskeliya Plantations PLC features two Fishing Huts and one Blue Magpie Guest Bungalow. The Fishing Huts, originally constructed during the British colonial period, are now no longer utilized for fishing. This is situated at the edge of the Moray Estate in Maskeliya, which encompasses over 3,000 acres of land, these cabins are positioned along the banks of the Baththulu-Oya River, which delineates the Estate from the Adam's Peak Wilderness Sanctuary.



This region is renowned for its exceptional biodiversity, one of the richest hot-spot in Sri Lanka. In addition to indigenous trees, butterflies and leopards, the Fishing Huts area is notable for its diverse amphibian and avian species. The locality is home to rare and endemic amphibians, such as the Polypedates eques (Flying frogs) and Philautus asankai (Endemic frogs), making it a popular destination for university students and researchers. Moreover, the area attracts visitors seeking to observe and photograph the Sri Lanka Blue Magpie, another endemic bird species.

Each Fishing Hut is capable of accommodating Ten guests, while the Blue Magpie Guest Bungalow host Fifteen guests.

### **Biodiversity**

The Maskeliya region's biodiversity not only contributes to its ecological balance but also provides valuable opportunities for scientific research, education, and ecotourism. The preservation of this biodiversity is essential for maintaining the health and resilience of the region's ecosystems.

The Maskeliya region is home to a diverse range of plant species, including indigenous trees, shrubs, and flowering plants. The area's tropical rainforest and montane vegetation support numerous endemic and rare plant species,

contributing to the overall richness of its flora. The Maskeliya region features distinct ecosystems that support its biodiversity, including the high-altitude montane forests, which are crucial for many species. The proximity to the Adam’s Peak Wilderness Sanctuary further enhances the region’s ecological significance by providing a protected habitat for a variety of wildlife.

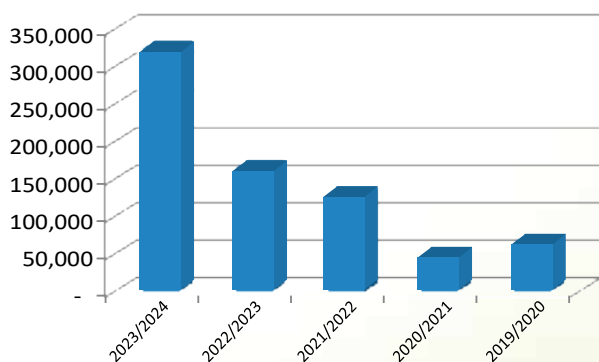
Ongoing conservation efforts in the Maskeliya region aim to preserve its unique biodiversity and protect endangered species. These initiatives include habitat preservation, species monitoring, and ecological research to ensure the sustainability of the region’s natural resources. The Company Estate Superintendents are effectively involved in the biodiversity preservation and wildlife protection projects and are ever willing to assist nature lovers to ensure ecological balance in the region.

**Financial Highlights**

**Investment in Fixed Assets**

Investment in fixed assets pertains to the allocation of capital towards the procurement or enhancement of long-term tangible assets crucial for the sustained operations and development of an organization which generally encompass properties, buildings, machinery, equipment, and vehicles that are employed over an extended period, typically exceeding one financial year.

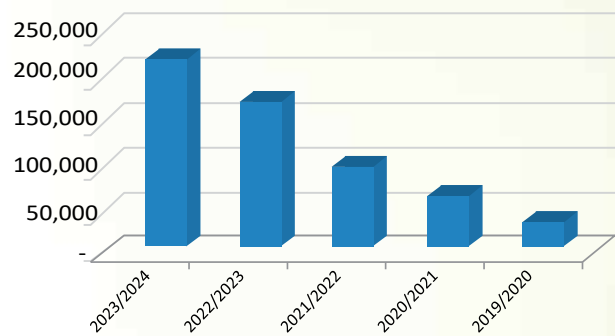
**Investment in Fixed Assets**



During the current financial year, the Company has prioritized expanding its asset base. A total of LKR 142 mn has been invested in the acquisition of Property, Plant, and Equipment, while an additional LKR 181 mn has been allocated towards field development. Consequently, the total Non-Current Assets have experienced a 10% increase over the year.

**Shareholders' Fund**

**Shareholders' Fund**

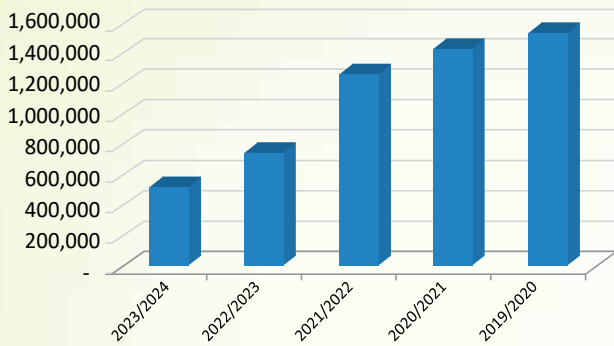


During the financial year under review, shareholder funds have experienced a notable increase of 24% compared to the previous year. This growth reflects a significant positive movement in retained earnings, which have risen by LKR 286 mn. Additionally, timber reserves have increased by LKR 129 mn. These changes underscore the Company’s enhanced financial position and effective management of equity components over the reporting period.

**Company Debt Position**

Borrowings pertain to the capital acquired by an organization through various debt financing mechanisms to support its operational, expansion, or other financial requirements.

## Net Borrowing Position



During the financial year under review, the Company's debt position has significantly decreased by LKR 338 mn, representing a 35% reduction compared to the previous year. This substantial decrease reflects the Company's robust cash flow and effective management of working capital throughout the year.

## Social and welfare program

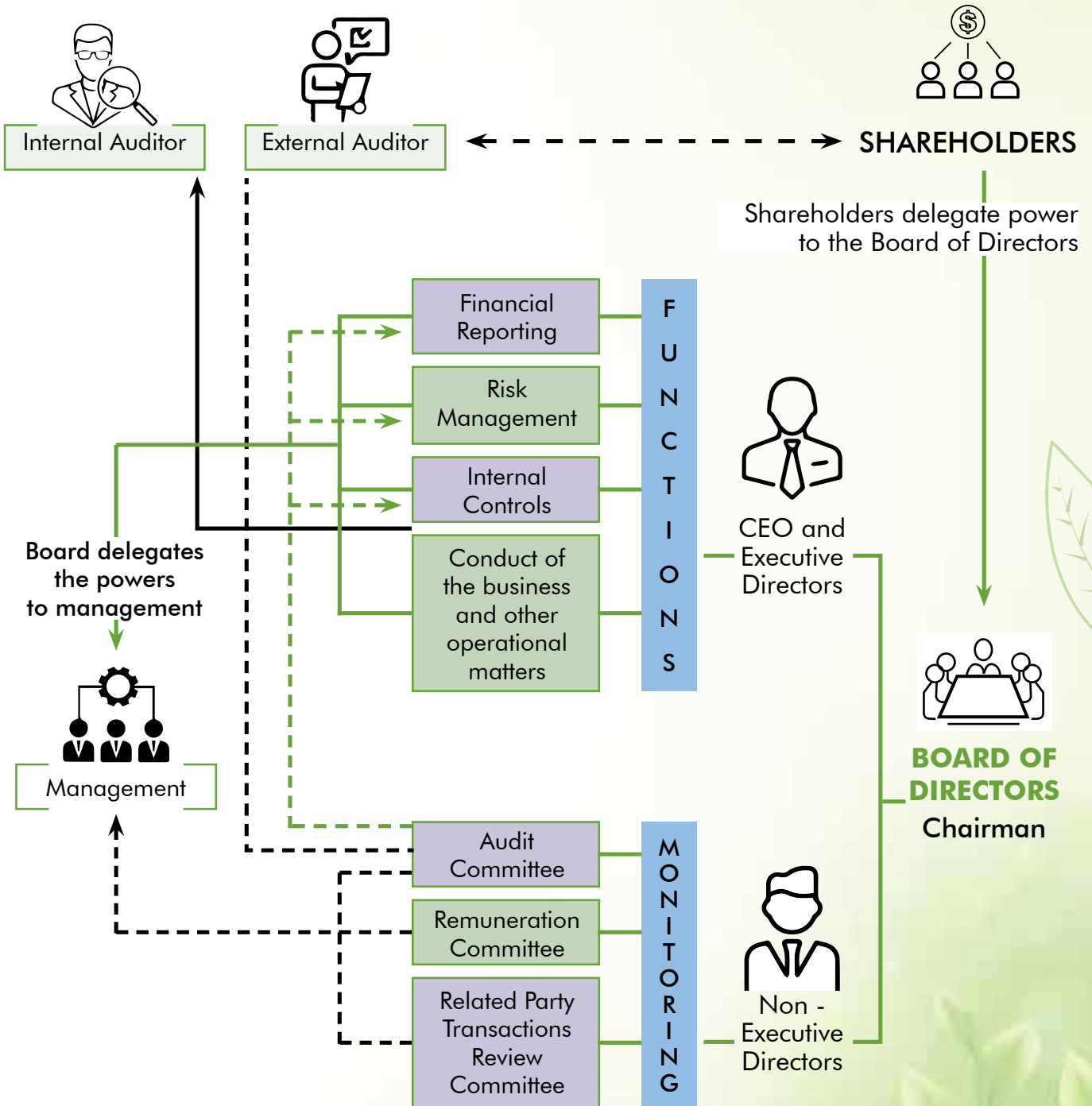
Maskeliya Plantations PLC is committed to the well-being of its workforce, which includes over 5,500 permanent employees and more than approximately 20,000 dependents. Recognizing the crucial role of its people and their fair play in the future, Company invested LKR 135 mn this year in worker welfare. This investment covers various aspects such as medical care, housing, and childcare facilities.

Additionally, the Company organized health camps to monitor and improve the medical health of its employees. Also, it provided free meals for children to enhance their nutritional intake. These efforts reflect Company dedication to the health and well-being of its workforce and their families.

# Corporate Governance Review

## Corporate Governance Structure

The Company Governance framework is depicted in the following diagram,



The Board of Directors of Maskeliya Plantations PLC is committed and takes responsibility to maintain the highest standards of Corporate Governance.

Maskeliya Plantations PLC has designed its Corporate Governance policies and practices to ensure that the Company is focused on its responsibilities to its stakeholders and on creating long term shareholder value. The Company recognizes the interests of all its stakeholders including shareholders, employees, customers, suppliers, consumers and the other communities in which it operates. The Company complies with the rules on Corporate Governance, included in the Listing Rules of the Colombo Stock Exchange, 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. This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

### The Board and its Operations

The Company is governed by its Board of Directors, who directs and supervises the business and affairs of the Company on behalf of the shareholders.

The Board comprises four Directors, all four are Non-Executive Directors. Out of four Non-Executive Directors, two are independent, ensuring an independent outlook to temper the expediency of

Name of Director	Non-Executive	Independent
Dr. Sena Yaddehige	x	-
Shaminda Yaddehige	x	-
Dr. L S K Hettiarachchi	x	x
Dr. D S A Samaraweera	x	x
J L A Fernando (Ceased to be a Director w.e.f 05/07/2024)	x	-
K.A.S Lasantha (Ceased to be a Director w.e.f 27/12/2023)	-	-

the experts. Brief profiles of the Directors are set out on pages 18 to 19. The Board has assessed the independence of the Non-Executive Directors. During the year the Board met on two occasions. The Directors are provided with all relevant management information and background material relevant to the agenda to enable informed decisions. Board Papers are submitted in advance on Company performance, new investments, capital projects and other issues which require specific Board approval.

The Chairman, is responsible for matters relating to policy, maintaining regular contact with the other Directors, shareholders and external stakeholders of the Company. He is responsible for overall commercial, operational and strategic development and assisted by an Executive Management Committee comprising Executive Directors and Heads of Companies of the Strategic Business Units (SBU) of the Ultimate Parent Company. The Finance function devolves on the Group Chief Financial Officer and the Financial Controller, who is present by invitation at board meetings when financial matters are discussed. The Board of Directors has access to independent professional advice as and when deemed necessary for decision making.

### The main functions of the Board are to:

- \* Direct the business and affairs of the Company.
- \* Formulate short and long term strategies, as a basis for the operational plans of the Company and monitor implementation.
- \* Report on their stewardship to shareholders.
- \* Identify the principal risks of the business and ensure adequate risk management systems in place.
- \* Ensure internal controls are adequate and effective.

- \* Approve the annual capital and operating budgets and review performance against budgets.
- \* Approve the interim and final Financial Statements of the Company.
- \* Determine and recommend interim and final dividends for the approval of shareholders.
- \* Ensure compliance with laws and regulations.
- \* Sanction all material contracts, acquisitions or disposal of assets and approve capital projects.

Independent Directors have no direct or indirect material relationship with the Company and have duly submitted the annual declaration as per the Colombo Stock Exchange Listing Rules. Their wide range of expertise and significant experience in commercial, corporate and financial activities bring an independent view and judgment to the Board.

### **Sub Committees of the Board**

The Board is responsible for the establishment and functioning of all Board Committees, the appointment of members to these committees and their compensation. The Board has delegated responsibilities to three Board Sub Committees which operate within clearly defined terms of reference.

### **Audit Committee**

Maskeliya 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 Pages 41 and 42. describes the activities carried out during the Financial Year.

### **Remuneration Committee**

The Report of the Remuneration Committee is on Page 43. and highlights its main activities.

### **Related Party Transactions Review Committee**

The Report of the Related Party Transactions Review Committee is on Page 44. and highlights its main activities.

### **Company Secretary**

The Company Secretaries are Richard Pieris Group Services (Pvt) Ltd who acts as Secretaries to the Board and make their presence at every Board meeting. The Company Secretaries advises the board on all regulatory matters pertaining to Securities & Exchange Commission, Colombo Stock Exchange. The Secretaries also records minutes which are tabled for the next meeting for effective follow-up on decisions taken. The Directors have independent access to the Company Secretary.

### **Relationship with Shareholders**

The Board maintains healthy relationships with its key shareholders (individual and institutional) while maintaining a dialogue with potential shareholders as well. The Annual General Meetings are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the corporate website, the annual report, quarterly Financial Statements and press releases. Further, contact details are published in both Quarterly Accounts Statements as well as in the Annual Report & the Shareholders are able to contact the Company Secretaries or Senior Management at any given time.

### **Internal Controls**

The Board is responsible for instituting effective internal control systems to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all

controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 38 to 40.

Apart from the strategic plans covering a three year time horizon, a comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by all subsidiaries are, approved by the Board, at the commencement of a financial year, and its achievement monitored monthly, through a comprehensive monthly management reporting system both at Company & Group level. Clear criteria and benchmarks have also been set out for the evaluation of capital projects and new investments.

The Internal Audit Division reporting to the Chairman, regularly evaluates the internal control system across the Organization and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board reviewed the internal control procedures in existence and are satisfied with its effectiveness.

### Relationship with Other Stakeholders

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the Company inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars.

The Board also ensures that the Company's policies and practices are in line with the Group's values and its social responsibilities. The Company promotes protection of the environment, health and safety standards of its employees and others within the Organization. The relevant measures taken are given

in detail in the Financial and Operational Highlights report on pages 27 to 32.

### Compliance

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards(LKAS and SLFRS) and other statutory regulations. Financial statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders quarterly. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made to date.

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

CSE-Section Reference	Requirement	Status of Makeliya 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
7.13.1(b)	Minimum Public Holding Requirement	In Compliance

## Corporate Governance Requirements listed under Section 9 of the Listing Rules issued by the Colombo Stock Exchange (CSE);

The corporate governance requirements applicable to listed entities were revised during the FY 2023/24 with effect from 01st 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 propriety 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

### Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the Financial Statements, after careful review of the financial position and cash flow status of the Company. The Board of Directors believes that the Company has adequate resources to continue its operation for the foreseeable future.

# Understanding and Managing Principle Risks

Financial Risk Management	
Company Objectives	Risk Treatment
<b>1. Liquidity &amp; Cash Management</b>	
<ul style="list-style-type: none"> <li>• Capitalize on opportunities to raise funds at lowest possible cost.</li> <li>• Maximum utilization of the concessionary funding available to Plantation Companies.</li> <li>• Ensuring proper management of working capital.</li> </ul>	<b>Strategy- Risk Avoidance</b> <ul style="list-style-type: none"> <li>• Funding of long term assets through Equity and Long Term Loans.</li> <li>• Ensure availability and effective utilization of short term Funding facilities where necessary.</li> </ul>
<b>2. Interest Rate Risk</b>	
<ul style="list-style-type: none"> <li>• To ensure a strong liquidity position.</li> <li>• To minimize adverse effects of interest rate volatility and currency denominated borrowings.</li> <li>• To ensure cost of borrowing is at the optimum level with the assistance of Group Treasury.</li> <li>• Maximum utilization of the concessionary funding available to Plantation Companies.</li> </ul>	<b>Strategy-Risk Reduction</b> <ul style="list-style-type: none"> <li>• Structuring the loan portfolio to combine both foreign and local currency.</li> <li>• Effective utilization of hedging techniques such as interest rate swaps.</li> </ul>
<b>3. Currency Risk</b>	
<ul style="list-style-type: none"> <li>• To minimize risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions.</li> <li>• Ensuring efficient utilization by effective treasury management through various hedging techniques such as forward bookings, forward sales, swaps etc.</li> </ul>	<b>Strategy- Risk Acceptance</b> <ul style="list-style-type: none"> <li>• Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge.</li> <li>• The borrowing ability against the foreign currency deposits for entities dealing in foreign currency.</li> </ul>

Business Risk Management	
Company Objectives	Risk Treatment
<b>1. Credit Risk</b>	
<ul style="list-style-type: none"> <li>• To minimize risks associated with debtor defaults.</li> <li>• Work towards obtaining collaterals from major local customers with high outstanding.</li> <li>• Follow stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.</li> </ul>	<b>Strategy-Risk Transfer</b> <ul style="list-style-type: none"> <li>• Obtaining insurance covers for export debtors.</li> <li>• Colombo Tea Auctions payment systems monitor the payments made by Tea Brokers to the sellers &amp; is a highly regulated activity.</li> </ul>
<b>2. Asset Risk</b>	
<ul style="list-style-type: none"> <li>• To minimize risks from fire, theft and plant, machinery &amp; equipment breakdown</li> </ul>	<b>Strategy-Risk Transfer</b> <ul style="list-style-type: none"> <li>• Obtaining comprehensive insurance covers for all tangible assets.</li> <li>• Adoption of stringent procedures with regard to the moving of assets from one location to another.</li> <li>• Carrying out mandatory preventive maintenance programs.</li> <li>• Carrying out frequent employee training programs in areas such as fire prevention &amp; effective usage of plant &amp; machinery.</li> </ul>



Business Risk Management	
Company Objectives	Risk Treatment
<p><b>3. Internal Controls</b></p> <ul style="list-style-type: none"> <li>To maintain a sound system of internal control to safeguard shareholders wealth and Company’s assets.</li> </ul>	<p><b>Strategy-Risk Transfer</b></p> <ul style="list-style-type: none"> <li>Carrying out system audits and other control mechanisms such as inventory counts and cash counts throughout the estates by the Central Internal Audit Department of the main Group.</li> <li>Conduct surprise checks within the Company which ensures that systems are in place.</li> </ul>
<p><b>4. Reputation Risk</b></p> <ul style="list-style-type: none"> <li>To prevent the causes that damages our reputation, estate marks and quality of the product.</li> </ul>	<p><b>Strategy-Risk Transfer</b></p> <ul style="list-style-type: none"> <li>Having in place a budgetary process &amp; a budgetary control mechanism on a monthly basis to ensure that the Company’s performance is continuously in line with its targets.</li> <li>Adopting stringent quality assurance policies with regard to raw and packing materials bought out from third parties.</li> <li>Ensure quality in manufacturing process and compliance with the standards.</li> <li>All factories maintain a minimum of HACCP ISO 22000 Standard for food and safety.</li> <li>Ensuring effective communication with various stakeholders such as employees, bankers, regulators, customers, suppliers and the shareholders.</li> </ul>
<p><b>5. Human Capital &amp; Labour Risk</b></p> <ul style="list-style-type: none"> <li>To ensure a smooth flow of operations without any undue disruptions.</li> <li>Ensure that the correct recruitments are made for the positions.</li> </ul>	<p><b>Strategy- Risk Avoidance</b></p> <ul style="list-style-type: none"> <li>Maintaining healthy relationships with trade unions through regular dialogue.</li> <li>Entering into collective agreements with trade unions.</li> <li>Ensure compliance with all regulatory requirements with regard to the benefits applicable to workers at estates.</li> <li>To protect oneself as an employer successful in motivating, developing, retaining and attracting the best of human capital.</li> <li>Improving employee benefits by way of financial incentives and welfare activities.</li> <li>Arrange in-house and external training in order to develop human resources.</li> </ul>
<p><b>6. Technological Risk</b></p> <ul style="list-style-type: none"> <li>To keep pace with the current technological developments and safeguard against obsolescence.</li> </ul>	<p><b>Strategy-Risk Reduction</b></p> <ul style="list-style-type: none"> <li>The continuous investments in new machineries and experiments on new methods.</li> <li>Mechanization of estate functions up to the highest possible extent.</li> <li>Investing in Research &amp; Development activities whenever necessary.</li> <li>Implementation of the new computer system in head office and the estates.</li> <li>Investing in hardware resources.</li> </ul>

## Business Risk Management

Company Objectives	Risk Treatment
<b>7. Procurement Risk</b>	
<ul style="list-style-type: none"> <li>To minimize risk associated with price and availability.</li> <li>To procure the best quality with value for money.</li> </ul>	<b>Strategy-Risk Transfer</b> <ul style="list-style-type: none"> <li>Continuous replanting activity with adequate plant nurseries.</li> <li>Establishing relationships with many suppliers for bought leaf in order to reduce over-dependency on a single supplier.</li> <li>Entering into forward contracts for purchases of certain raw material items.</li> </ul>
<b>8. Inventory</b>	
<ul style="list-style-type: none"> <li>To reduce stock obsolescence and manage stock holding costs.</li> <li>Reducing the risk associated with theft and shrinkage.</li> </ul>	<b>Strategy-Risk Transfer</b> <ul style="list-style-type: none"> <li>Adopting a monthly declaration policy.</li> <li>Identifying slow moving stocks and effectively laying out a channel for these to be sold off.</li> <li>To sift &amp; catalogue all tea produced.</li> </ul>
<b>9. Risk of Competition</b>	
<ul style="list-style-type: none"> <li>To maximize our market share and maintain leadership in the respective industry.</li> </ul>	<b>Strategy- Risk Avoidance</b> <ul style="list-style-type: none"> <li>Ensuring high standards of quality in the eyes of the customer.</li> <li>Increasing productivity and efficiency in order to ensure an adequate margin despite increasing wage, energy and transportation cost.</li> <li>Carrying out Research &amp; Development activities whenever necessary in order to identify key areas to be focused.</li> </ul>
<b>10. Capital Investments Risk</b>	
<ul style="list-style-type: none"> <li>To minimise risk of not meeting profit expectations.</li> </ul>	<b>Strategy- Risk Avoidance</b> <ul style="list-style-type: none"> <li>Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.</li> </ul>
<b>11. Information Systems Risk</b>	
<ul style="list-style-type: none"> <li>To minimise risk associated with security, Hardware communication and software.</li> </ul>	<b>Strategy-Risk Reduction</b> <ul style="list-style-type: none"> <li>Maintaining of spare servers mirroring of hard disks with critical data.</li> <li>Data back-ups stored at off site locations.</li> <li>Vendor agreements for support service and maintenance.</li> <li>Regular updating of Virus scanners, Firewalls etc.</li> <li>Compliance with statutory requirements for environmental preservations.</li> </ul>
<b>12. Environmental &amp; Political Risk</b>	
<ul style="list-style-type: none"> <li>To minimise the negative &amp; Regulatory Risk of external environment which are beyond our control.</li> </ul>	<b>Strategy-Risk Transfer</b> <ul style="list-style-type: none"> <li>Ensure compliance with all regulatory requirements from changes to the standards.</li> </ul>

# 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 P.C, Mr. Prasanna Fernando and the Chairman of the Committee, Mr. J. F. Fernandopulle. Audit Committee Chairman 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.

- \* 31 May 2023
- \* 14 August 2023
- \* 25 August 2023
- \* 14 November 2023
- \* 13 February 2024

The Group Chief Financial Officer, Chief Executive Officer, Financial Controller, 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 details of the 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 actions were 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 the key performance criteria pertaining to the Maskeliya Plantations PLC which is reviewed by the Senior Management on a monthly basis.

The 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 Accounting Standards and other statutory requirements, including the Companies Act, No 7 of 2007, prior to issuance. The committee 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 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, 2025 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  
Audit Committee  
28 August 2024

# Report of the Remuneration Committee

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

## Members

The Remuneration Committee, appointed by and responsible to the Board of Directors, consist of three Independent Non-Executive Directors of Richard Peiris and Company PLC, Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and Mr J. F. Fernandopulle. The Committee is chaired by Dr Jayatissa De Costa P.C. Committee met on several occasions during the financial year.

The Remuneration policy of the Company is formulated to attract and retain high caliber personnel and motivate them to develop and implement the business strategy in order to optimize long term shareholder value. The Committee took into account, competition, market information and business performance in deciding the overall remuneration policy.



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 Maskeliya Plantations PLC.

## Members

The Committee consisted 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, Financial Controller and Accountant attended meetings by invitation. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

## 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 Maskeliya 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 reviewed the policy framework for adoption on Related Party Transactions for Richard Pieris & Company and all its listed subsidiaries. In such process the committee considered and

reviewed 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.

The Committee held four meetings during the period under review.

- \* 31 May 2023
- \* 25 August 2023
- \* 14 November 2023
- \* 13 February 2024

The activities and views of the Committee have been communicated to the Board of Directors where appropriate.

Details of the related party transactions entered into by the Company are disclosed on pages 90 and 91.

Dr. Jayatissa De Costa P. C.

Chairman - Related Party Transactions Review Committee

28 August 2024

# Annual Report of the Board of Directors

The Directors of Maskeliya Plantations PLC have pleasure in presenting to the Members, their Report together with the Audited Financial Statements of the Company 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 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 Exchange Commission and are guided by recommended Best Accounting Practices. The Company's new registration number is PQ 134.

## Principal Activities and Operational Review

The principal activity of Maskeliya Plantations PLC is cultivation and processing of Tea and remains unchanged from the previous year. During the year the Company managed & operated 18 Estates with a extent of 5,380 ha. of Tea in bearing. The Company has also commenced planting Rubber, Cinnamon, Fruits and Coffee.

The Company continues to be managed by RPC 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 as disclosed Note 35.1.2 of the Financial Statements.

## Review of the Company Performance

The Chairman's Review, Financial and Operational highlights and other reports attached, briefly describe the performance of the Company in the current financial year. These Reports together with the Financial Statements reflect results and the state of affairs of the Company.

## Turnover

The Turnover of the Company was Rs.6,328,771,609/- (2023 – Rs. 6,169,526,584/-) and a composition of the Revenue is given in Note 6 to the Financial Statements.

## Financial Results

Year Ended 31 March	2024 Rs'000.	2023 Rs'000.
Profit/(Loss) before tax	760,873	1,351,151
Income Tax (Expense)/Income	(292,772)	(464,600)
Profit/(Loss) after taxation	468,101	886,551
Other Comprehensive Income/(Expense) net tax	(52,716)	(144,379)
Profit/(Loss) B/f Including Timber Reserves	537,817	(204,354)
Profit/(Loss) C/f Including Timber Reserves	953,202	537,817

## Results and Dividends

Details relating to the Company's profits/(Loss) are given on page 53. The Directors do not recommend a Dividend for the year.

## Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 323,893,328/- (2023- Rs. 164,325,285/-), out of which expenditure on Replanting and Field Development amounts to Rs.181,761,981/-(2023 - Rs. 41,522,278/-).

Further information relating to the movement of Fixed Assets is given in Notes 13 to 14 to 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.

## Stated Capital

The Stated Capital of the Company as at 31 March 2024 was Rs. 673,720,950/-. Details of the Stated Capital are given in Note 20 to the Financial Statements.

## Reserves and Accumulated Profits

The total Reserves and Accumulated profit of the Company as at 31 March 2024 was Rs.1,493,201,663/- (2023 - Rs. 1,077,816,999/-)

## Donations

No donations were made during the year under review by the Company /- (2023- Nil)

## Taxation

The Company is liable to income tax at the rate of 30% on its agro processing activities and Agricultural Profits of the Company is exempted for the year of assessment 2023/24.

## Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages 95 to 96 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 and Investor Information" on Page 96.

## Directors

The Names of the Directors who held Office during the year are given below. Their brief profile appears on Page 18 to 19.

### Name

Dr. Sena Yaddehige	Chairman
Shaminda Yaddehige	Director
Dr.L S K Hettiarachchi	Director
Dr.D S A Samaraweera	Director
J L A Fernando (Ceased to be a Director w.e.f 05/07/2024)	Director
K A S Lasantha (Ceased to be a Director w.e.f 27/12/2023)	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 Management Services (Private) Limited of 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"

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 Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

"That Dr. Sarath Samaraweera of 1F20, Mattegoda Scheme, Mattegoda who is 76 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. Sarath Samaraweera "

In accordance with the Provisions of the Article 92 of the Articles of Association of the Company, Dr.L.S.K Hettiarachchi retires by rotation at the Annual General Meeting and offers himself for re-election.

## 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' Interest in Contracts.

Directors' Interest in Contracts in relation to transactions with related entities, key Management Personnel and other related disclosures are stated in Note 35(Related Party disclosures) to the Financial Statements.

## Directors' Interest in Shares

Shareholding of Directors who held office during the financial year is as follows:-

Director	2024	2023
Dr.D S A Samaraweera	100	100

## Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31 March 2024 is given in Note 9 of the Financial Statements.

## Vision, Mission & Objectives

The Company's Vision, Mission and Long-Term Objectives are given in Page 2 of the report

## Environmental Protection

The Company's 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.

The Company's efforts in relation to environmental protection are set out on Page 30 under Biodiversity.

## 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 performance and realise 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 34.

## 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 page 41 to 44 of this report.

## Related Party Transactions

There are no related party transactions which (non-recurrent) 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 Company 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 35 on Pages 92 to 93.

### Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Page 45 to 47.

The Board has overall responsibility for the Company's system of Internal Financial Control. Although no system of Internal Control can provide absolute assurance against material misstatement or loss, the Company'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 is set out in Page 48 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 January 2016.

### 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 Page 49 to 52.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs.5,612,965/- (2023 Rs 4,989,303/-). In addition Rs.602,698/- (2023 Rs. 522,950/-) was paid by the Company for non-audit related work which consists 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.

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.

### Annual General Meeting

The Annual General Meeting will be held at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama on 27 September 2024, 11.00am. The notice of the Annual General Meeting is on Page 100 of this report.



Dr. L.S.K. Hettiarachchi

Director



Dr. D.S.A. Samaraweera

Director



Mrs. R J Siriweera

Director/Company Secretary

Richard Pieris Group Services (Pvt) Ltd.

Secretaries

310, High Level Road

Nawinna

Maharagama.

28 August 2024

## Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of Maskeliya Plantations PLC, acknowledge their responsibility in relation to financial reporting of the Company. These responsibilities differ from those of its Auditors, Messrs Ernst & Young, which are set out in their report, appearing on Page 49-52.

The Financial Statements of the Company for the year ended 31 March 2024 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards and 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 on Pages from 53-54 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 Company maintains accounting records, which are sufficient to prepare Financial Statements to disclose with reasonable accuracy, the financial position of the Company. 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 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 recognising 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 authorised 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 has adequate resources to continue operations in the foreseeable future and 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 Auditors, have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on Page 49-52 of this report.



By Order of the Board,  
Mrs. R J Siriweera  
Director/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, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
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ey.com

TO THE SHAREHOLDERS OF MASKELIYA PLANTATIONS PLC  
Report on the audit of the financial statements

## Opinion

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

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the Company 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 Company 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
<b>Measurement of Bearer Biological Assets</b>	
<p>As of 31 March 2024, the Company's bearer biological assets amounted to Rs. 2,308 Mn and represented 36% of the Company's total assets. Bearer Biological Assets comprised of Rs. 744 Mn Immature Plantations and Rs 1,564 Mn of Mature plantations, as disclosed in Notes 3.6.7.1 and 14.1 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The materiality of the reported bearer biological asset balance; and</li> <li>The degree of management's judgement involved in identification of costs to be capitalized as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Notes 3.6.7.1 and 14.1 to the financial statements.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of management's expense allocation process and evaluated the design of relevant key controls over the identification of expenses to be capitalized in relation to immature plantations.</li> <li>Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence.</li> <li>Tested transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations.</li> <li>Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations.</li> </ul>

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 Sajewani 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



	<ul style="list-style-type: none"> <li>Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements.</li> </ul> <p>We also assessed the adequacy of the related disclosures made in Notes 3.6.7.1 and 14.1 to the financial statements.</p>
<p><b>Retirement Benefit Obligation</b></p>	
<p>As disclosed in note 24 to the financial statements, the Company’s retirement benefit obligation amounted to Rs.880 Mn and represented 20% 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 Company.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The materiality of the reported retirement benefit obligation balance; and</li> <li>The degree of management judgements, assumptions and estimation uncertainties associated with measurement of the retirement benefit obligation.</li> </ul> <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 3.13 and 24 to the financial statements.</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Assessed the competence, capability and objectivity of the external actuary engaged by the company.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 3.13 and 24 to the financial statements.</p>



<b>Valuation of Consumable Biological Assets</b>	
<p>Consumable biological assets are carried at fair value. The fair value of such assets were determined by an external valuer engaged by the Company.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the materiality of the reported fair value of consumable biological assets which amounted to Rs.1,244 Mn and represents 19% of the Company total assets as of the reporting date; and</li> <li>the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of consumable biological assets and the complexity of the valuation process.</li> </ul> <p>Key areas of significant assumptions, judgements and estimates used in assessing the fair value of consumable biological assets, as disclosed in Notes 3.6.7.5 and 14.2.1 to the financial statements, included judgements involved in ascertaining the appropriate valuation technique and estimates such as:</p> <ul style="list-style-type: none"> <li>Discount rate</li> <li>Expected timber volume.</li> <li>Price per cubic foot</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>assessed the competence, capability and objectivity of the external valuer engaged by the company.</li> <li>read the external valuer’s report and identified the key estimates made and the valuation approach taken by the valuer in determining the fair value of consumable biological assets.</li> <li>assessed the completeness and accuracy of the key data used by the external valuer, by tracing those to the underlying books and records maintained by the Group. This also included assessing the appropriateness &amp; consistency of the application of the formula used for deriving the expected timber volume.</li> <li>assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as discount rate, expected timber volume, price per cubic foot and valuation technique in assessing the fair value of consumable biological assets. Our procedures included comparing with the industry practices that are generally used in determining fair value of consumable biological assets.</li> </ul> <p>We also assessed the adequacy of the disclosures made in Notes 3.6.7.5 and 14.2.1 to the financial statements</p>

**Other Information included in the Company’s 2024 Annual Report**

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon. The 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 management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.



### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional 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 company.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 Company.

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

28 August 2024  
Colombo

# STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2024

	Notes	2024 Rs.'000	2023 Rs.'000
Revenue	6	6,328,771	6,169,527
Cost of Sales		(5,327,497)	(4,457,068)
<b>Gross Profit / (Loss)</b>		<b>1,001,274</b>	<b>1,712,459</b>
Other Income / (Loss)	7	(4,449)	17,392
Administrative Expenses		(79,824)	(68,306)
Change in Fair Value of Biological Assets	14.4	125,824	126,885
Management Fee		(114,904)	(211,583)
Finance Cost	8	(167,048)	(225,696)
<b>Profit / (Loss) Before Taxation</b>	<b>9</b>	<b>760,873</b>	<b>1,351,151</b>
Income Tax (Expenses)/ Reversal	10	(292,772)	(464,600)
<b>Net Profit / (Loss) for the Year</b>		<b>468,101</b>	<b>886,551</b>
Basic Earnings per Share	11.2	8.68	16.43
Dividend per Share	11.3	Nil	Nil

The accounting policies and notes on Pages 58 through 94 form an integral part of the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2024

	Notes	2024 Rs.'000	2023 Rs.'000
Profit/ (Loss) for the year		468,101	886,551
<b>Other Comprehensive Income</b>			
Other Comprehensive Income that will be reclassified to Profit or Loss in subsequent periods (net of tax)		-	-
Net other comprehensive income that will be reclassified to Profit or Loss in subsequent periods		-	-
<b>Other Comprehensive Income that will not to be reclassified to Profit or Loss in subsequent periods (net of tax)</b>			
Remeasurement gains/ (losses) on defined benefit plan	24	(75,309)	(206,256)
Income tax effect	10.2	22,593	61,877
Net Other Comprehensive Income/(Loss) that will not to be reclassified to Profit or Loss		(52,716)	(144,379)
<b>Total Other Comprehensive Income for the year</b>		<b>(52,716)</b>	<b>(144,379)</b>
<b>Total Comprehensive Income for the year, net of tax</b>		<b>415,385</b>	<b>742,171</b>


The Accounting policies and notes on the 58 through 94 form on integral part of the Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	2024 Rs.'000	2023 Rs.'000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Right-of-Use Assets	12	487,576	354,225
Freehold Property, Plant & Equipment	13	684,747	619,225
Bearer Biological Assets	14.1	2,308,322	2,196,958
Consumable Biological Assets	14.2	1,244,537	1,123,623
Tax Recoverable		47,926	47,926
		<b>4,773,108</b>	<b>4,341,957</b>
<b>Current Assets</b>			
Produce on Bearer Biological Assets	14.3	19,409	22,659
Inventories	15	922,204	965,086
VAT Recoverable	16	2,206	2,206
Trade and Other Receivables	17	587,904	485,494
Amounts Due From Related Parties	18	28,733	21,109
Cash and Bank Balances	19	156,583	332,669
		<b>1,717,039</b>	<b>1,829,223</b>
<b>TOTAL ASSETS</b>		<b>6,490,147</b>	<b>6,171,180</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	20	673,721	673,721
General Reserve	21	540,000	540,000
Timber Reserves	22	1,214,081	1,085,007
Retained Earnings/(Losses)		(260,879)	(547,190)
<b>TOTAL EQUITY</b>		<b>2,166,923</b>	<b>1,751,538</b>
<b>Non Current Liabilities &amp; Deferred Income</b>			
Interest Bearing Loans & Borrowings	23	72,917	247,917
Retirement Benefit Obligations	24	880,219	910,501
Deferred Tax Liability	25	732,365	462,185
Deferred Income	26	144,724	149,880
Lease Liability	27.3	526,373	376,786
		<b>2,356,598</b>	<b>2,147,268</b>
<b>Current Liabilities</b>			
Trade and Other Payables	28	593,348	700,689
Interest Bearing Loans & Borrowings	23	548,954	712,322
Lease Liability	27.3	13,696	3,323
Amounts Due to Related Parties	29	808,620	854,032
Dividends Payable	30	2,008	2,008
		<b>1,966,626</b>	<b>2,272,374</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,490,147</b>	<b>6,171,180</b>
<b>NET ASSETS PER SHARE</b>		<b>40</b>	<b>32</b>

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 Maskeliya Plantations PLC

  
Dr. L.S.K. Hettiarachchi  
Director

  
Dr. D.S.A. Samaraweera  
Director

The accounting policies and notes on Pages 58 through 94 form an integral part of the Financial Statements.  
28 August 2024  
Colombo

# STATEMENT OF CHANGES IN EQUITY

As at 31 March 2024

	<b>Stated Capital</b>	<b>General Reserve</b>	<b>Timber Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Balance as at 31 March 2022</b>	<b>673,721</b>	<b>540,000</b>	<b>969,232</b>	<b>(1,173,586)</b>	<b>1,009,367</b>
Net Profit / (Loss) for the year	-	-	-	886,551	886,551
Total Other Comprehensive Income /(Loss) for the year	-	-	-	(144,379)	(144,379)
Timber Reserve	-	-	115,775	(115,775)	-
<b>Balance as at 31 March 2023</b>	<b>673,721</b>	<b>540,000</b>	<b>1,085,007</b>	<b>(547,190)</b>	<b>1,751,538</b>
Net Profit / (Loss) for the year	-	-	-	468,101	468,101
Total Other Comprehensive Income/(Loss) for the year	-	-	-	(52,716)	(52,716)
Timber Reserve	-	-	129,074	(129,074)	-
<b>Balance as at 31 March 2024</b>	<b>673,721</b>	<b>540,000</b>	<b>1,214,081</b>	<b>(260,879)</b>	<b>2,166,923</b>

The accounting policies and notes on Pages 58 through 94 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

Year Ended 31 March 2024

	Notes	2024 Rs.'000	2023 Rs.'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net Profit/(Loss) before Taxation</b>		<b>760,873</b>	<b>1,351,151</b>
<b>Adjustments for</b>			
Depreciation/Amortisation	12-14	161,672	139,071
Provision for Defined Benefit Plan Cost	24	196,784	186,021
Amortisation of Grants	26	(15,379)	(15,379)
Gain/(Loss) on change in Fair Value on Consumable Biological Assets	14.2	(129,074)	(115,775)
Gain/(Loss) on change in Fair Value Green Leaf	14.3	3,250	(11,110)
Finance Costs	8	167,048	225,696
Profit/(Loss) on Sale of Timber Trees		(90,299)	
<b>Operating Profit/(Loss) before Working Capital Changes</b>		<b>1,054,875</b>	<b>1,759,674</b>
(Increase)/Decrease in Inventories	15	42,882	(420,943)
(Increase)/Decrease in Trade and other receivables	17	(102,409)	(185,557)
Increase/(Decrease) in Trade and other payables	28	(125,584)	214,087
Increase/(Decrease) in amounts due to Related Parties	29	(45,412)	63,356
(Increase)/Decrease in amounts due from Related Parties	18	(7,624)	(11,203)
<b>Cash Generated from Operations</b>		<b>816,728</b>	<b>1,419,415</b>
Finance Costs Paid		(95,947)	(178,530)
Defined Benefit Plan Costs paid	24	(302,375)	(386,615)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>418,406</b>	<b>854,268</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Property Plant & Equipments		121,565	-
Grant Received	25	10,223	1,365
Field Development Expenditure	14.1	(181,761)	(41,522)
Purchase of Property, Plant & Equipment	13	(142,131)	(122,803)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(192,104)</b>	<b>(162,960)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of Government Lease Rentals	26.1	(54,566)	(105,164)
Payment of Lease Rental	26.2	(9,454)	(4,414)
Payment of Loans		(200,607)	(256,262)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(264,627)</b>	<b>(365,840)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(38,325)</b>	<b>325,468</b>
A. Cash & Cash Equivalents at the beginning of the year		(179,045)	(504,513)
<b>B. Cash &amp; Cash Equivalents at the end of the year</b>		<b>(217,371)</b>	<b>(179,045)</b>
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Cash & Bank Balances		332,669	31,603
Bank Overdrafts		(511,715)	(536,116)
		(179,045)	(504,513)
NOTE B			
Cash & Cash Equivalents at the end of the year			
Cash & Bank Balances	19	156,583	332,669
Bank Overdrafts	19	(373,954)	(511,715)
		<b>(217,371)</b>	<b>(179,045)</b>

The accounting policies and notes on Pages 58 through 94 form an integral part of the Financial Statements.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 1. REPORTING ENTITY

### 1.1 Domicile and legal form

Maskeliya Plantations PLC was incorporated and domiciled in Sri Lanka, 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 Bandarawela, Maskeliya, Upcot & Talawakelle.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

The Financial Statements of the Company comprise with 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.

### 1.2 Principal activities and the nature of the operations

During the year, the principal activities of the Company were cultivation and manufacture and sale of black Tea, planting of timber.

### 1.3 Parent enterprise and ultimate parent enterprise

The Company's parent undertaking is RPC Management Services (Pvt) Ltd. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Richard Pieris & Company PLC, which is incorporated in Sri Lanka.

### 1.4 Date of Authorization for issue

The Financial Statements of Maskeliya 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 PREPERATION

### 2.1 Statement of Compliance

The Financial Statements of Maskeliya Plantations PLC have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) 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 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.
- 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 Financial Statements.

### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (RS'000) which is the Company's functional and presentation currency.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and interpretation

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

### 3.2 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.

### 3.3 Going Concern

The Financial Statements have been prepared on the assumption that the Company is a going concern. The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not foresee a need for liquidation or cessation of trading, to justify adopting the going concern basis in preparing these Financial Statements.

### 3.4 Current versus non-current classification

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

Or

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the 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 settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period

The Company 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 Company 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:

- Consumable Biological Assets - Note 14.2
- Produce on bearer biological asset - Note 14.3

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

# Notes To The Financial Statements

Year Ended 31 March 2024

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

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 Company 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 Company 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 Company 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 Property, Plant & Equipment

The Company 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.

### 3.6.1 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 Company and cost of the asset can be reliably measured.

### 3.6.2 Measurement

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

### 3.6.3 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 capitalized as a part of that equipment.

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is

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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.

### 3.6.4 Leased Assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a lessee

The Company 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.

#### 3.6.4.1 Right of Use Assets

The Company 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. Lease period of land acquired from JEDB/ SLSPC will be expired in year 2045. If ownership of the leased asset transferred to the Company 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 as follow:

	No. of Years	Rate (%)
Building	02years	50.00
Right of use Asset-Land	21years	04.76

(over the remaining lease period)

#### 3.6.4.2 Lease Liabilities

At the commencement date of the lease, the Company 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 Company 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 Company 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.

The weighted average incremental borrowing rate use for discounting purpose as at 31 March 2024 is 13%.

The Company's lease liabilities are included in Note 27 to the Financial Statements.

#### 3.6.5 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

# Notes to the Financial Statements

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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 and gains are not classified as revenue.

### 3.6.6 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.

### 3.6.7 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.

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 plantation 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 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 includes managed timber trees those that are to be harvested as agricultural produce or sold as Biological Assets.

#### 3.6.7.1 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) which comes into bearing during the year, is transferred to mature plantations.

#### 3.6.7.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field, if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalized are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

#### 3.6.7.3 Produce 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

#### 3.6.7.4 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.

# Notes to the Financial Statements

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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 14.1 to the Financial Statements.

### 3.6.7.5 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 into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. The valuer uses the "Direct Capital Comparison Method" which express that there are evidences of sale price of the assets as a whole. All other assumptions and sensitivity analysis are given in Note 14.2.

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.

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.

Consumable Biological Assets initially recognised is derecognised 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 Profit or Loss Statement when the asset is derecognized.

### 3.6.7.6 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.

### 3.6.8 Depreciation and Amortisation

#### (a) Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under 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 Company will have ownership by the end of the lease term. The estimated useful lives and depreciation rates are as follows:

Asset categories	No. of Years	Rate (%)
Buildings & Roads	40	2.50
Plant & Machinery	13 1/3 to 23	7.50/4.35
Motor Vehicles	05	20.00
Equipment	08	12.50
Computer	04	25.00
Computer Software	03	33.33
Furniture & Fittings	10	10.00
Water Sanitations	20	5.00

#### Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Mature Plantations Tea	33 1/3	3.00

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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 SLSPC are amortised in equal amounts over the useful lives as follows:

Asset categories	No. of Years	Rate (%)
Improvements to land	30	3.33
Mature Plantations (Tea)	30	3.33
Buildings	25	4.00
Machinery	15	6.67

## 3.7 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.

### 3.7.1 Financial Assets

#### 3.7.1.1 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.

#### 3.7.1.2 Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in four categories. Their classification as described below:

##### (a) Financial assets at amortized cost (Debt Instruments)

The Company 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 Company's financial assets at amortised cost includes trade receivables and amounts due from related parties.

#### 3.7.1.3 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 Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive Cash Flows from an asset or has entered into a pass-through arrangement, it evaluates if and

# Notes to the Financial Statements

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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 Company's continuing involvement in the asset. In that case, the Company 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 Company 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 Company could be required to repay.

### 3.7.1.4 Impairment of Financial Assets

The Company 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 Company 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).

## 3.7.2 Financial Liabilities

### 3.7.2.1 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 Company's financial liabilities includes trade and other payables, amounts due to related parties, bank overdraft, loans and borrowings.

### 3.7.2.2 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 acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognized in the income statement.

#### (b) Loans and borrowings

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 and amounts due to related parties.

### 3.7.2.3 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.

# Notes to the Financial Statements

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## 3.7.3 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.

## 3.8 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.

## 3.9 Impairment of Non-Financial Assets

The Company 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 Company's 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 Company 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. 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 Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## 3.10 Trade and Other Receivables

Trade and other receivables are stated at their estimated realisable amounts inclusive of provisions for bad and doubtful debts.

## 3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Company's

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cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

## 3.12 Provisions

Provisions are recognised when the Company 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 Company 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.

## 3.13 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 in retained earnings through other comprehensive income and not reclassified to Profit or Loss. 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 24.

## 3.14 Capital Commitments and Contingencies

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

## 3.15 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.

## 3.16 Earnings per Share

The Company presents basic 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.

## 3.17 Deferred Income

### 3.17.1 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

# Notes to the Financial Statements

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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 Company 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.

## 3.18 Statement of Profit or Loss

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

### 3.18.1 Revenue

Revenue from contracts with customers

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

### Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo Tea 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 refuse tea & sale of trees 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 Company'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.

Revenue recognition criteria for the other revenue and income earned by the Company are as follows;

#### a) Rental Income

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

#### b) Interest Income

Interest income is recognized on an accrual basis, using the effective interest method.

### 3.18.2 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.

# Notes to the Financial Statements

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## 3.18.2.1 Finance cost

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.

## 3.18.3 Taxes

### 3.18.3.1 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 Company 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.

### 3.18.3.2 Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable Profit or Loss.

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.

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.

## 3.19 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.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 3.20 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 of each type of product. The Company is primarily engaged in the production of tea, which is the single business segment.

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

The segments information is disclosed in the Note 06 to the Financial Statements.

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.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of 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:

- Note 14.2 – Consumable Biological Assets
- Note 24 - Measurement of the Retirement Benefit Obligations
- Note 25 – Deferred Taxation

## 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 (Amended) Bill, to amend the Inland Revenue Act, No. 24 of 2022, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 30%. Accordingly, where applicable, the Company has separated its income and expenses as Argo farming and Argo Processing and applied the respective tax rates.

The details of deferred tax computation are given in Note 10

### 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.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 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 24.

## 4.3 Fair Valuation of Consumable Biological Assets

The fair value of managed timber trees depends on a number of factors that are determined on a discounted method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of Biological Assets. Key assumptions and sensitivity analysis of the Biological Assets are given in the Note 14.2.

## 4.4 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 Company 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 Company 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 Company '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 Company 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.

## 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.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 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 into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the 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 periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Company.

# Notes to the Financial Statements

Year Ended 31 March 2024

6. REVENUE	2024 Rs.'000	2023 Rs.'000
<b>6.1 Summary</b>		
Tea	6,238,472	6,160,933
Profit/(Loss) on Sale of Trees	90,299	8,594
	6,328,771	6,169,527

**6.2 Segment Information**

Geographical Segment	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	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
Revenue	1,562,634	1,505,923	2,157,941	1,976,282	1,296,483	1,357,641	1,311,713	1,329,681	6,328,771	6,169,527
Cost of Sales	(1,235,728)	(1,005,310)	(1,787,608)	(1,367,659)	(920,030)	(768,709)	(1,025,678)	(990,298)	(4,969,044)	(4,131,976)
Depreciation /Amortisation	(42,288)	(36,305)	(47,046)	(39,539)	(27,753)	(23,776)	(44,584)	(39,452)	(161,671)	(139,072)
Gratuity	(50,142)	(50,165)	(65,512)	(66,472)	(34,051)	(24,358)	(47,077)	(45,025)	(196,782)	(186,021)
Segment Results	234,476	414,143	257,775	502,612	314,649	540,798	194,374	254,906	1,001,274	1,712,459
Other Income									(4,449)	17,392
Gain on change in fair value of Biological Assets									125,824	126,885
Administrative Expenses									(79,824)	(68,306)
Management Fees									(114,904)	(211,583)
Finance Cost									(167,048)	(225,696)
Income Tax (Expenses)/ Reversal									(292,772)	(464,600)
Profit/ (Loss) for the year									468,101	886,550

Segment Assets	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	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
Cost	1,483,621	1,449,114	1,819,538	1,760,277	1,121,877	1,073,423	2,360,782	2,234,527	6,785,818	6,517,341
Accumulated Depreciation	(630,202)	(599,848)	(750,936)	(712,142)	(452,325)	(433,840)	(697,488)	(669,075)	(2,530,951)	(2,414,905)
Current Assets	298,785	357,979	522,263	611,408	286,881	324,739	428,055	430,998	1,535,984	1,725,124
	1,152,204	1,207,245	1,590,865	1,659,543	956,433	964,322	2,091,349	1,996,450	5,790,851	5,827,560
<b>Unallocated Assets</b>										
Cost									740,405	416,059
Accumulated Depreciation									(222,163)	(176,539)
Current Assets									176,236	104,100
Total Assets									6,485,329	6,171,180
<b>Segment Liabilities</b>										
Non Current Liabilities	368,760	435,760	505,852	593,021	228,569	246,878	326,233	376,696	1,429,414	1,652,355
Current Liabilities	103,034	149,250	175,827	268,691	85,981	162,919	126,532	237,338	491,374	818,198
	471,794	585,010	681,679	861,712	314,550	409,797	452,765	614,034	1,920,788	2,470,553
<b>Un Allocated</b>										
Non Current Liabilities									927,182	494,914
Current Liabilities									1,470,434	1,454,176
									2,397,616	1,949,090
									4,318,404	4,419,643
<b>Capital Expenditure</b>										
Field Development	15,541	4,793	36,104	11,129	13,520	7,623	99,957	13,853	165,122	37,398
Property, Plant & Equipment	18,966	3,840	23,157	10,430	34,934	4,531	10,089	88,193	87,146	106,994
	34,507	8,633	59,261	21,559	48,454	12,154	110,046	102,046	252,268	144,392
Field Development									16,640	4,123
Property, Plant & Equipment Unallocated									54,985	15809
<b>Total Capital Expenditure</b>									323,893	164,324

# Notes to the Financial Statements

## Year Ended 31 March 2024

6.3 Segment Information Cashflow Segment	Maskeliya		Upcot		Talawakelle		Bandarawela		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net Profit/(Loss) before Taxation	187,867	329,803	259,437	432,814	155,869	297,329	157,700	291,205	-	-	760,873	1,351,151
Net Cash from Operating Activities	134,424	219,773	191,824	246,176	103,410	152,211	(12,820)	155,813	1,568	80,297	418,406	854,270
Cash Flows From Investing Activities	(36,073)	(8,634)	(62,649)	(21,560)	(49,513)	(12,154)	893	(106,170)	(44,763)	(14,444)	(192,105)	(162,962)
Cash Flows From Financing Activities	-	-	-	-	-	-	-	-	(264,627)	(365,841)	(264,627)	(365,841)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>286,218</b>	<b>540,942</b>	<b>388,612</b>	<b>657,430</b>	<b>209,766</b>	<b>437,386</b>	<b>145,773</b>	<b>340,848</b>	<b>(307,822)</b>	<b>(299,988)</b>	<b>(38,326)</b>	<b>325,467</b>
A. Cash & Cash Equivalents at the beginning of the year											(179,046)	(504,514)
B. Cash & Cash Equivalents at the end of the year											(217,372)	(179,047)
NOTE A												
Cash & Cash Equivalents at the beginning of the year												
Cash & Bank Balances											332,669	31,603
Bank Overdrafts											(511,715)	(536,116)
											(179,046)	(504,513)
NOTE B												
Cash & Cash Equivalents at the end of the year												
Cash & Bank Balances											156,583	332,669
Bank Overdrafts											(373,954)	(511,715)
											(217,371)	(179,046)

## 7. OTHER INCOME

	2024	2023
	Rs.'000	Rs.'000
Amortization of Capital Grants	15,379	15,379
Other Sundry Income	(19,828)	2,013
	(4,449)	17,392

## 8. FINANCE COST

	2024	2023
	Rs.'000	Rs.'000
Interest on Lease Rental (JEDB/SLSPC)	67,809	45,953
Interest on Other Leases	3,292	1,213
Overdraft Interest	64,318	99,124
Term Loan Interest	47,592	82,727
Stamp Duty & Other charges	677	802
	183,688	229,819
Amount Capitalised	(16,640)	(4,123)
	167,048	225,696

### Interest rate sensitivity

The following table demonstrates the sensitivity on interest rates on floating loans and borrowings with all other variables held constant

	Increase /Decrease in Interest Rate	(Rs.'000)
2023/2024	+ 1%	3,448
	- 1%	(3,448)
2022/2023	+ 1%	5,796
	- 1%	(5,796)

## 9. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	2024	2023
	Rs.'000	Rs.'000
Auditor's Remuneration	5,738	4,989
Directors' Remuneration	1,200	1,200
Depreciation/Amortisation	161,671	139,071
Defined Benefit Plan Costs (Included Under Cost of Sales & Administration Expenses)	196,783	186,021
Defined Contributions Plan Costs - EPF & ETF	252,538	231,561
Others - Staff Costs (Including Estate Employees)	2,678,684	2,497,464

# Notes to the Financial Statements

Year Ended 31 March 2024

## 10. TAX EXPENSE

The major component of income tax expense for the year ended 31 March 2024 are as follows :

### 10.1 Statement of Profit or Loss

	2024 Rs.'000	2023 Rs.'000
(I) Current Income Tax:		
ESC Written off	-	(14,011)
(II) Deferred Tax:		
Relating to (origination) and reversal of temporary differences (Note 25.1)	(292,772)	(450,589)
Income (Tax charge)/reversal reported in Income Statement	(292,772)	(464,600)

### 10.2 Statement of Comprehensive Income

Deferred tax relating to items (charges)/credited directly to OCI during the year:

Net gain/(loss) on actuarial gains and losses on Defined Benefit Plans (Note 25.1)	22,593	61,877
Income Tax charge directly to other comprehensive income	22,593	61,877

### 10.3 Reconciliation Between Tax Expenses And The Product of Accounting Profit

	2024 Rs.'000	2023 Rs.'000
Exempt Business income	383,700	573,304
Profit / (Loss) before Tax	377,173	777,847
Aggregate disallowed items	94,091	147,721
Aggregate allowable items	(119,646)	(164,308)
Taxable Profit/(Loss)	351,618	761,260
Bought forward Tax losses set off	(351,618)	(761,260)
Effective Tax Rate	30%	30%
ESC Write off during the year	-	(14,011)
Income Tax Charge/(Reversal)	-	(14,011)

## 11. BASIC EARNINGS PER SHARE

11.1 The calculation of the basic earnings per share is based on after tax profit/(loss) for the year divided by the weighted average number of ordinary shares outstanding during the period.

# Notes to the Financial Statements

## Year Ended 31 March 2024

11.2 The following reflects the income and share data used in the basic earnings per share computation.

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Amounts used as the Numerator :</b>		
Net Profit/(Loss) applicable to ordinary share holders for basic earnings per share	468,101	886,551
	468,101	886,551
<b>Amounts used as the Denominator :</b>		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	53,953	53,953
	53,953	53,953

11.3 Dividend Per Share

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Interim Dividend Paid	Nil	Nil
Number of Ordinary Shares	53,953	53,953
Dividend Per Share	-	-

## 12. RIGHT OF USE ASSETS

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>
Right-of-use-land	12.1	455,199	308,261
Right-of-use-Immovable Bearer Biological Assets	12.2	10,275	16,506
Right-of-use-Immovable assets (other than right-to-use land and Bearer Biological Assets)	12.3	349	364
Right-of-use asset - Other Assets	12.4	21,753	29,094
		487,576	354,225

### 12.1 Right-to-use of Land

"Right-To-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 " is accounted in accordance with SLFRS 16 with effect from 01 April 2019. Agreement for "Right to Use assets - Land" have been executed for all estates for a period of 21 years.

# Notes to the Financial Statements

Year Ended 31 March 2024

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:

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Capitalised Value</b>		
As at 1st April 2023	359,751	333,870
Transition adjustment due to initial application of SLFRS 16	171,067	25,881
As at 31 March 2024	530,818	359,751
<b>Amortization</b>		
As at 1st April 2023	51,491	37,479
Amortization charge for the year	24,128	14,012
As at 31 March 2024	75,619	51,491
<b>Carrying Amount</b>	455,199	308,261

## 12.2 Right - Of - Use - Immovable 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 22nd June 1992. For this purpose, the Board decided at its meeting on 8th March, 1995, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets were taken into the Statement of Financial Position as at 22nd June, 1992 and amortisation of immovable leased assets to 31 March 2024 are as follows.

### MATURE PLANTATIONS - TEA

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Capitalised Value</b>		
As at 22nd June, 1992	230,859	230,859
<b>Amortisation</b>		
As at 1st April	214,353	204,935
Amortisation for the year	6,231	9,418
As at 31 March	220,584	214,353
Carrying amount	10,275	16,506

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 plantations were classified as Bearer Biological Assets in terms of LKAS 16. 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 14.1.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 12.3 Right-Of-Use-Immovable Assets (Other Than Right-Of-Use-Land And Bearer Biological Assets)

	Improvement to Land Rs.'000	Other Vested Assets Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Capitalized Value</b>						
22 June 1992	12,153	836	101,800	12,585	127,374	127,374
<b>Amortisation</b>						
As at 1 April	12,153	472	101,800	12,585	127,010	126,994
Amortisation for the year		16	-	-	16	16
As at 31 March	12,153	488	101,800	12,585	127,025	127,010
Carrying amount	-	348	-	-	349	364

These assets are being amortised in equal annual amounts over the following periods:

Mature plantations/improvement to land	30 years
Buildings	25 years
Machinery	15 years

## 12.4 Right-of-use Asset - Other Lease Assets

Maskeliya Plantations PLC (Head Office) occupies as a tenant, occupying a building which belongs to Richard Pieris & Company PLC (Ultimate Parent) and which was previously accounted as an operating lease under LKAS 17. Since, the SLFRS 16 supersedes LKAS 17 Leases, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement.

The effect to the Statement of Financial Position and depreciation of building to 31 March 2024 are as follows:

	2024 Rs.'000	2023 Rs.'000
<b>Cost</b>		
At the beginning of the year	37,617	6,721
Additions		30,896
At the end of the year	37,617	37,617
<b>Depreciation</b>		
At the beginning of the year	8,523	4,960
Depreciation during the year	7,341	3,562
At the end of the year	15,864	8,522
Written Down Value	21,753	29,094

**13. FREEHOLD PROPERTY ,PLANT AND EQUIPMENT**

	<b>Balance as at 01.04.2023</b>	<b>Additions for the year</b>	<b>Disposals during the year</b>	<b>Balance as at 31.03.2024</b>
<b>Cost</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Land Improvements	91,943	-	-	91,943
Buildings	397,213	28,016	-	425,229
Motor Vehicles	234,803	16,500	-	251,303
Plant & Machinery	899,914	14,768	(25,613)	889,069
Furniture & Fittings	12,084	6,786	-	18,870
Equipment	128,175	29,863	-	158,038
Water Sanitation	46,101	-	-	46,101
Computers	29,386	2,444	-	31,830
Computer Software	1,465	-	-	1,465
	<b>1,841,084</b>	<b>98,377</b>	<b>(25,613)</b>	<b>1,913,848</b>

	<b>Balance as at 01.04.2023</b>	<b>Charge for the year</b>	<b>Accumulated depreciation on disposals</b>	<b>Balance as at 31.03.2024</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Land Improvements	33,202	2,560	-	35,762
Buildings	147,085	10,043	-	157,128
Motor Vehicles	205,695	3,924	-	209,619
Plant & Machinery	672,210	27,189	(2,560)	696,839
Furniture & Fittings	11,975	374	-	12,349
Equipment	105,222	7,191	-	112,413
Water Sanitation	46,101	-	-	46,101
Computers	23,165	2,277	-	25,442
Computer Software	1,465	-	-	1,465
	<b>1,246,121</b>	<b>53,558</b>	<b>(2,560)</b>	<b>1,297,118</b>
<b>Written Down Value</b>	<b>594,962</b>			<b>616,770</b>

	<b>Balance as at 01.04.2023</b>	<b>Additions for the year</b>	<b>Capitalised/ Disposed during the year</b>	<b>Balance as at 31.03.2024</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Capital Work-in-Progress	24,262	43,754	-	68,017
	<b>24,262</b>	<b>43,754</b>	<b>-</b>	<b>68,017</b>
Total written down value	<b>619,225</b>			<b>684,747</b>

Note : The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of the Company (22nd 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 Note 12.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 14. BEARER BIOLOGICAL ASSETS

### 14.1 Bearer biological assets

Cost	Immature	Mature	Total	Total
	Plantations	Plantations	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	601,892	2,346,616	2,948,508	2,906,985
Additions	181,761	-	181,761	41,522
Transfers	(38,917)	38,917	-	-
At the end of the year	744,736	2,385,533	3,130,269	2,948,507
<b>Depreciation</b>				
At the beginning of the year	-	751,549	751,549	681,291
Charge for the year	-	70,398	70,398	70,258
At the end of the year	-	821,947	821,947	751,549
<b>Written Down Value</b>	744,736	1,563,586	2,308,322	2,196,958

#### Note :

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 12 . 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 take over 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.

Borrowing cost amounting to Rs. 16,639,889/= (2023 - Rs. 4,123,369/=) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations at the rate of 10.08%.

### 14.2 Consumable Biological Assets - Timber Plantations

	2024	2023
	Rs. '000	Rs. '000
As at 1st April	1,123,623	1,007,848
Gain/(loss) arising from changes in fair value less cost to sell	129,074	115,775
Decrease due to harvest/ transfer	(8,160)	-
As at 31 March	1,244,537	1,123,623

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.

The fair value of managed trees was ascertained in accordance with LKAS 41. The valuation was carried out by Mr W M Chandrasena FIV (SL) MRICS (UK) accredited Chartered Valuation Surveyor using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber valuer has considered the different species, size, condition and location of timber trees. The future Cash Flows are determined by reference to current timber prices without considering the future increase of timber prices.

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 an investor to reasonably challenge the financial impact of the assumptions used in the SLFRS 13 against his own assumptions.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 14.2.1 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
			2024	2023	
Consumable Managed Biological Assets	DCF	Discounting Rate	17.5%	19%	The higher the discount rate the lower the fair Value.
		Optimum rotation (Maturity)	30 - 40 Years	30 - 40 Years	Lower the rotation Period, the higher the fair value.
		Price per cu ft	Rs.250/= to Rs.800/=	Rs.250/= to Rs.800/=	The higher the price the higher the fair Value.

Other key factors considered 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 price adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the costs are not taken in to consideration.

### Sensitivity Analysis

#### •Sensitivity variation sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of Biological Assets:

Managed Timber		-10%	+10%
As at 31 March 2024	Rs'000	(124,453)	124,453
As at 31 March 2023	Rs'000	(112,363)	112,363

#### •Sensitivity variation 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 a rise or decrease by 1.5% of the discount rate has the following effect on the net present value of Biological Assets:

Managed Timber		-1.5%	+1.5%
As at 31 March 2024	Rs'000	50,639	(47,571)
As at 31 March 2023	Rs'000	50,869	(45,461)

# Notes to the Financial Statements

Year Ended 31 March 2024

## 14. BEARER BIOLOGICAL ASSETS (Contd...)

### 14.3 Produce On Bearer Biological Assets

	2024	2023
	Rs.'000	Rs.'000
As at 01st April	22,659	11,549
Change in fair value less cost to sell	(3,250)	11,110
As at 31 March	19,409	22,659

### 14.4 Gain /(Loss) On Fair Value Of Biological Assets

	2024	2023
	Rs.'000	Rs.'000
Consumable Biological Assets Gain/(loss) arising from changes in fair value less cost to sell ( Note No 14.2)	129,074	115,775
Produce on Bearer Biological Assets Gain/(Loss) arising from changes in fair value less cost to sell (Note No 14.3)	(3,250)	11,110
	125,824	126,885

### 14.5 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
<b>Assets measured at fair value</b>							
Consumable Biological Assets - Timber	31 March	-	-	-	-	1,244,537	1,123,623
Produce on Bearer Biological Assets	31 March	-	-	19,409	22,659	-	-

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of transaction prices of the Company, and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 15. INVENTORIES

	2024	2023
	Rs.'000	Rs.'000
Input Materials	252,979	273,929
Growing Crop - Nurseries	27,946	27,274
Produce Stock	579,570	587,037
Consumables & Spares	61,709	76,846
	922,204	965,086

## 16. TAX RECOVERABLE

	2024	2023
	Rs.'000	Rs.'000
Tax Recoverable	2,206	35,048
Less: Provision for Tax Recoverable	-	(18,830)
Less: Tax Write Off	-	(14,011)
	2,206	2,206

## 17. TRADE AND OTHER RECEIVABLES

	2024	2023
	Rs.'000	Rs.'000
Produce Debtors	152,922	149,434
Advances & Prepayments	92,588	88,292
Festival Advances - Estates	77,845	62,203
Other Debtors	270,553	191,568
	593,908	491,498
Less: Provision for Doubtful Debt	(6,004)	(6,004)
	587,904	485,494

### 17.1 Trade Receivables

The aging analysis of trade receivables is as follows:

	Total	Past due but not impaired				
		0-60 days	61-120 days	121-180 days	181-365 days	> 365 days
Balance as at 31 March 2024	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Produce Debtors	152,922	152,922	-	-	-	-

Produce debtors are realised within seven days from sales

# Notes to the Financial Statements

Year Ended 31 March 2024

## 18. AMOUNTS DUE FROM RELATED PARTIES

	Relationship	2024 Rs.'000	2023 Rs.'000
Maskeliya Tea Garden Ceylon (Pvt) Ltd	Related Company	21,657	16,073
Arpitech (Pvt) Ltd	Related Company	5,966	4,823
RPC Properties (Pvt) Ltd	Related Company	213	213
RPC Logistics (Pvt) Ltd	Related Company	897	-
		28,733	21,109

## 19. CASH AND CASH EQUIVALENTS

	2024 Rs.'000	2023 Rs.'000
<b>19.1 Favourable Balances</b>		
Cash at Bank and in Hand	156,583	332,669
	156,583	332,669
<b>19.2 Unfavourable Balances</b>		
Bank Overdraft (Note 23)	(373,955)	(511,715)
<b>Total Cash and cash equivalents for the purpose of cash flow statements</b>	<b>(217,372)</b>	<b>(179,046)</b>

## 20. STATED CAPITAL

	2024 Rs.'000	2023 Rs.'000
<b>Issued and Fully Paid Number of Shares</b>		
Balance as at 01 of April	53,953	53,953
	53,953	53,953
<b>Value of Issued and Fully Paid Shares</b>		
Balance as at 01 of April	673,721	673,721
	673,721	673,721

## 21. GENERAL RESERVE

	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the year	540,000	540,000
Balance at the end of the year	540,000	540,000

General Reserves represents amounts set-a-side 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-a-side for future and utilized after appropriate Board Approvals.

## 22. TIMBER RESERVE

Timber reserve is a revenue reserve which relates to charge in fair value of managed trees on commercial timber plantations cultivated on estates.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 23. INTEREST BEARING LOANS AND BORROWINGS

	Balance as at 31.03.2023	Loan Obtained during the year	Capital Re-paid during the year	Balance as at 31.03.2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Commercial Bank	422,917	-	(175,000)	247,917
Hatton National Bank PLC	21,200	-	(21,200)	-
Nations Trust Bank	4,407	-	(4,407)	-
<b>Short Term Loan</b>				
Bank Overdraft	511,715	-	(137,760)	373,955
	960,239	-	(338,367)	621,872

### 23.1 Long term loans

	Repayable within 1 year	Repayable after 1 year less than 5 years	Total as at 31.03.2024	Total as at 01.04.2023	Rate of Interest	Terms of Repayments
	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Commercial Bank	175,000	72,917	247,917	422,917	9.75% Fixed	47 monthly instalments of Rs.14,583,333 and final instalment of Rs.14,583,349/- commencing from Sep 2021
Hatton National Bank	-	-	-	21,200	AWPLR+1.5%	59 Monthly instalments of Rs.4,160,000/= and last instalment of Rs.4,560,000/= payable commencing from 20.05.2019
Nations Trust Bank	-	-	-	4,407	AWPLR+0.25%	24 monthly instalments of Rs. 948,848/= payable commencing from 01.08.2020.
	175,000	72,917	247,917	448,524		
<b>23.2 Short Term Loan</b>						
Bank Overdraft	373,954		373,954	511,715		
	373,954		373,954	511,715		

Securities pledged in relation to these facilities are in note 31

### 23.3 Liquidity Risk

The Company does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Company aims to fund investment activities of the Company by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Company consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinizing the funding decisions.

The Table below summarizes the maturity profile of the Company financial liabilities based on contractual undiscounted payments.

# Notes to the Financial Statements

Year Ended 31 March 2024

<b>As at 31 March 2024</b>	<b>On Demand Rs.'000</b>	<b>Less than 3 Months Rs.'000</b>	<b>3 to 12 Months Rs.'000</b>	<b>2 to 5 Years Rs.'000</b>	<b>&gt;5 years Rs.'000</b>	<b>Total Rs.'000</b>
Interest bearing loans & borrowing	390,411	32,914	148,114	82,285	-	653,724
Lease Liability		18,188	54,564	291,018	1,164,070	1,527,840
	390,411	51,102	202,678	373,303	1,164,070	2,181,564
<b>As at 31 March 2023</b>						
Interest bearing loans & borrowing	521,275	52,963	175,755	470,248	-	1,220,241
Lease Liability	-	12,224	36,671	195,576	831,200	1,075,670
	521,275	65,187	212,426	665,824	831,200	2,295,911

## 24. RETIRING BENEFIT OBLIGATIONS

	<b>2024 Rs.'000</b>	<b>2023 Rs.'000</b>
At the beginning of the year	910,501	904,839
Interest Cost	154,785	131,202
Current Service Cost	41,999	54,819
Gratuity Payments for the year	(302,375)	(386,615)
Actuarial (Gain) / Loss	75,309	206,256
At the end of the year	880,219	910,501

According to the actuarial valuation report issued by Messers Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2024, the actuarial present value of promised retirement benefits amounted to Rs.880,218,713/-. If the Company had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been Rs. 1,456,599,272 /-.

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.

The following payments are expected from the defined benefit plan obligation is carried on annual basis.

	<b>2024 Rs.'000</b>	<b>2023 Rs.'000</b>
Within the next 12 months	87,136	95,060
Between 2 and 5 years	303,475	353,033
Beyond 5 years	489,608	462,408
	880,219	910,501

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is 7 years and 8 Years for staff and workers respectively.

# Notes to the Financial Statements

Year Ended 31 March 2024

The key assumptions used by Messer Actuarial & Management Consultants (Pvt) Ltd include the following.

	2024	2023
(i) Rate of Discount	13% (per annum)	17% (per annum)
(ii) Retirement Age		
Workers	60 years	60 years
Staff - Head Office	60 years	60 years
- Estates	60 years	60 years

### Sensitivity Analysis - Salary/ Wage Escalation Rate

Values appearing in the Financial Statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for both the rate of wage increment and the salary increment. Simulation made for retirement benefit obligation shows that an increase or decrease by 1% of the rate of wage and salary increase has the following effect on the retirement benefit obligations.

	Workers		Staff	
	Rs. '000	Rs. '000	Rs.'000	Rs.'000
	+1%	-1%	+1%	-1%
As at 31 March 2024	65,873	(58,783)	5,384	(4,836)
As at 31 March 2023	61,789	(55,573)	4,314	(3,890)

### Discount Rate

Values appearing in the Financial Statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for the discount rate. Simulation made for retirement benefit obligations shows that an increase or decrease by 1% of the discount rate has the following effect on the retirement benefit obligation.

	Workers		Staff	
	Rs. '000	Rs. '000	Rs.'000	Rs.'000
	+1%	-1%	+1%	-1%
As at 31 March 2024	(57,128)	64,881	(4,328)	4,873
As at 31 March 2023	(53,272)	59,899	(3,426)	3,835

# Notes to the Financial Statements

Year Ended 31 March 2024

## 25. DEFERRED TAX

	2024		2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April	1,540,617	462,185	699,741	73,473
Amount Originating/(Reversal) during the year	900,597	270,179	840,876	388,712
As at 31 March	2,441,214	732,364	1,540,617	462,185
<b>Deferred Tax Liability</b>				
Temporary difference of Right of Use Asset	487,577	146,273	301,686	90,506
Temporary difference of Property, Plant and Equipment	398,217	119,465	433,339	130,002
Temporary difference of mature and immature plantations	2,308,323	692,497	2,124,695	637,408
Temporary difference of biological asset	1,263,947	379,184	607,666	182,300
	4,458,063	1,337,419	3,467,386	1,040,216
<b>Deferred Tax Assets</b>				
Temporary difference of Lease Creditors	(540,070)	(162,021)	(376,786)	(113,036)
Temporary difference of Retirement Benefit Obligation	(880,220)	(264,066)	(900,643)	(270,193)
Temporary difference of Debtors Provision	(6,003)	(1,801)	(6,004)	(1,801)
Temporary difference of Deferred Grants	(144,723)	(43,417)	(19,104)	(5,731)
Carried forward tax losses	(445,830)	(133,749)	(624,233)	(187,270)
As at 31 March	(2,016,847)	(605,054)	(1,926,769)	(578,031)
As at 31 March	2,441,217	732,365	1,540,617	462,185

The tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2024 is 30% (2023-30%).

### 25.1. Reconciliation of deferred tax charge / (reversal)

	2024 Tax Effect Rs.'000	2023 Tax Effect Rs.'000
Amount Recognized As at 1 April	462,185	73,473
Tax Charge/(reversal) during the period recognised in Statement of Profit or Loss	292,772	150,169
Tax Charge/(reversal) during the period recognised due to the Income Tax rate change	-	300,420
Tax charge/(reversal) during the period recognised in Other Comprehensive Income	(22,593)	(61,877)
As at 31 March	732,365	462,185

## 26. DEFERRED INCOME

	2024 Rs.'000	2023 Rs.'000
<b>Deferred Grants and Subsidies</b>		
Balance at the beginning of the year	149,880	163,894
Add : Grants received during the year	10,223	1,365
Less : Grants refunded during the year	-	-
Less : Amortisation for the year	(15,379)	(15,379)
Balance at the end of the year	144,724	149,880

# Notes to the Financial Statements

Year Ended 31 March 2024

The Company has received funding from the Plantation Housing and Social Welfare Trust and Asian Development Bank for the development of workers facilities such as re-roofing of line rooms, latrines, water supply, sanitation and roads 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. Further this includes the C.T.C Machinery Subsidy which represents the fund received from Sri Lanka Tea Board in relation to C.T.C Project at Poonagalla Estate and also a rebate received from Ceylon Electricity Board on acquisition of a Generator."Agriculture Sector Modernization project" of the "State Ministry of Development of Minor Crops including Sugarcane, Maizem Cashew, Pepper, Cinnamon, Clove , Betel related industries and Export Promotion Under the Ministry of Plantations" for the Establishment of a Modern Greenhouse facility at a project site at Leyangawella Estate, Bandarawela. Grants are amortised over the life of the assets for which they are being deployed.

## 27. LEASE LIABILITY

		<b>2024</b>	<b>2023</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>
Lease liability on Right of use Asset - Land	27.1	516,668	350,547
Lease liability on Right of use Asset - Other Assets	27.2	23,401	29,562
		540,069	380,109

### 27.1 Lease liability on right of use asset land

		<b>2024</b>	<b>2023</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>
As at 01st April 2023		350,547	327,607
Reassessment Adjustment		171,067	25,881
Accretion of interest		67,810	45,953
Payment		(72,754)	(48,894)
As at 31 March 2024		516,670	350,547

#### 27.1.1 Liability To Make Lease Payment

		<b>2024</b>	<b>2023</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Payable within one year</b>			
Gross liability		72,754	48,894
Finance cost allocated to future periods		(67,167)	(45,571)
Net liability transferred to current liabilities		5,587	3,323
<b>Payable within two to five years</b>			
Gross liability		291,018	195,576
Finance cost allocated to future periods		(260,397)	(177,365)
Net liability		30,621	18,211
<b>Payable after five years</b>			
Gross liability		1,164,070	831,200
Finance cost allocated to future periods		(683,610)	(502,187)
Net liability		480,460	329,013
Net liability payable after one year		511,081	347,224

The base rental payable per year Rs.72,754,420/-.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 27.2 Lease liability on right of use Asset - Other Assets

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Balance as at the beginning of the year	29,563	1,868
Accretion of interest	3,292	1,213
Repayments during the year	(9,454)	(4,414)
New Lease Obtained	-	30,895
Balance as at the end of the year	23,401	29,562
<b>Current Liability</b>	<b>8,109</b>	<b>-</b>
<b>Non Current Liability</b>	<b>15,292</b>	<b>29,562</b>
<b>Total Lease Liability as at 31 March 2024</b>	<b>23,401</b>	<b>29,562</b>

## 27.3 Current & Non-current Classification of Lease Liability

Current	13,696	3,323
Non - Current	526,373	376,786

## 28. TRADE AND OTHER PAYABLES

	<b>2024</b>	<b>2023</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
Trade Creditors	293,604	388,220
Accrued Expenses	238,429	228,994
Others	61,315	83,475
	593,348	700,689

## 29. AMOUNTS DUE TO RELATED PARTIES

		<b>2024</b>	<b>2023</b>
	<b>Relationship</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
RPC Management Services (Pvt) Ltd	Parent Company	664,044	581,231
RPC Plantation Management (Pvt) Ltd	Related Company	12,511	7,147
Richard Pieris and Company	Ultimate Parent	7,247	113,069
Richard Pieris Distributors Ltd	Related Company	3,323	1,723
Kegalle Plantations PLC	Related Company	12,593	19,766
Namunukula Plantations PLC	Related Company	106,144	130,486
Richard Pieris Tyre Company	Related Company	2,758	610
		808,620	854,032

# Notes to the Financial Statements

Year Ended 31 March 2024

## 30. DIVIDEND PAYABLE

	2024	2023
	Rs.'000	Rs.'000
Ordinary Dividend Unclaimed	2,008	2,008
	2,008	2,008

## 31. SECURITIES PLEDGED

The following assets have been pledged as securities for liabilities.

Name of Bank	Loan Facility Rs.	Security	Nature of Liability	Carrying Amount Pledged	
				2024	2023
				Rs.'000	Rs.'000
Sampath Bank PLC	100,000,000	Primary mortgage over leasehold rights of Glenilt estate	Overdraft	157,772	155,092
HNB	175,000,000	Primary Floating Mortgage bond over leasehold rights of Glenugie Estate	Overdraft	120,684	115,040
Nations Trust Bank	150,000,000	Primary mortgage over stocks in trade	Overdraft/Money Market Loan	579,570	587,037
HNB Term Loan	350,000,000	Primary mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	471,019	440,781
HNB Term Loan	120,000,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	471,019	440,781
HNB Term Loan	130,000,000	Primary mortgage over leasehold rights of St Clair Estate	Long term Loan	111,847	108,625
HNB Term Loan	400,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates.	Long term Loan	703,549	664,446
HNB Term Loan	250,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates.	Long term Loan	703,549	664,446
Union Bank	400,000,000	Primary mortgage over unexpired leasehold right of Moray Estate	Long term Loan	245,559	238,981
Seylan Bank	25,000,000	Mortgage over leasehold rights of Moussakelle Estates	Long term Loan	98,621	97,874

## 32. CAPITAL COMMITMENTS

	2024	2023
	Rs.	Rs.
Capital commitments as at the reported date		
Budgeted, but not provided for	151Mn	165Mn
Total	151Mn	165Mn

The budgeted field development programme of the Company for the next three years amounts to Rs.160 Mn.

## 33. CONTINGENCIES

No contingent liabilities exist as at the statement of financial position date, to be disclosed.

# Notes to the Financial Statements

Year Ended 31 March 2024

## 34. EVENT AFTER REPORTING PERIOD

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Financial Statements.

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 25th 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 21st 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 4th 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 10th July 2024, the Minister of Labour and Foreign Employment cancelled the notification published in the Gazette.

On 13th 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 28th 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.

## 35. TRANSACTION WITH RELATED ENTITIES

### 35.1 Parent Company

	2024 Rs.'000	2023 Rs.'000
Amounts Payable	(664,044)	(581,231)
Management Fees	(114,904)	(211,583)

### 35.1.2 Management Fees

Management fees is payable at 15% on Earnings before interest and tax (EBIT) with minimum management fees per annum of Eighteen Million (Rs 18,000,000/-) per annum.

### 35.2 Group Companies

	2024 Rs.'000	2023 Rs.'000
Amounts Receivable as at 31 March	28,733	21,109
Amounts Payable as at 31 March	(144,576)	(272,802)
Secretarial Fees	-	(200)
Rent	(2,604)	(2,284)
Purchase of Goods/Services	(35,932)	(82,850)
Sales of Goods/Services	27,941	957
Interest Paid	(15,936)	(17,767)
Interest Received	28,670	27,980
Salaries, Fuel , Maintenance, etc Received	35,170	15,723
Salaries, Fuel , Maintenance, etc Paid	(11,704)	(9,969)
Current A/C Settlement Paid	(144,960)	(266,906)
Current A/C Settlement Received	19,000	26,000
Short Term Loan Received	-	295,745
Short Term Loan Paid	(47,222)	(262,412)

**35.3 Terms and Conditions**

Transaction with related parties are carried out in the ordinary course of business at arms length transactions. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

**35.4 Transactions with the Key Management Personnel of the Company and parent**

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 09.

**36. RELATED PARTY TRANSACTIONS**

There are no related party transactions other than those disclosed in Notes 09, 18, 29 and 35 to the Financial Statements.

**37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from Cash Flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31 March 2024 are disclosed below.

The funds borrowed by the Company are given in Note 23.

	<b>Company Interest-Bearing Borrowings</b>
	<b>Rs.'000</b>
Balance as at 01 April 2023	960,239
Net Cash flows from Financing Activities	(338,368)
Non Cash Changes	-
Balance as at 31 March 2024	621,871

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company'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 Company's operations and to provide guarantees to support its operations. The Company has loan and other receivables, trade and other receivables, and cash and cash equivalent that arise directly from its operations.

**38.1 Financial Risk Management Framework**

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's financial risk management framework which includes developing and monitoring the Company's financial risk management policies.

**38.2 Credit Risk**

Credit Risk is the risk of financial loss to the Company's if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers.

**38.2.1 Trade and other Receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company'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 Company 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. Credit risk on trade are minimal since settlement is guaranteed within seven days. Any sales exceeding those limits require approval from risk management committee.

The Companies main customer (Brokers) have been transacting with the company more than 10 years and non of these customers balances have been written off or are credit-impaired at the reporting date. In monitoring customer risk, customers are grouped according to their credit characteristics, including whether they are individual or legal entity, whether are a wholesale, retail or end-user customer, their geographic location, trading history with the Company and existence of previous difficulties.

# Notes to the Financial Statements

Year Ended 31 March 2024

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.587 Mn (2022/23 – Rs. 485 Mn).

### 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 held) or The financial assets 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.

The Movement of in the allowance for the impairment for trade and other receivable during the year was

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Balance as at 01 April	6,004	6,004
Charge for the year	-	-
Write-off	-	-
Recoveries	-	-
Balance as at 31 March	6,004	6,004

### 38.2.2 Cash And Cash Equivalents

The Company held cash at bank and in hand of Rs. 156 Mn as at 31 March 2024 (2022-23 – Rs.333 Mn) which represents its maximum credit exposure on these assets.

### 38.3. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The details of liquidity risk is given in the Note 23.3.

### 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 details of interest rate risk is given in the Note 8.

# Shareholder and Investor Information

## Stock Exchange Listing

The Issued Ordinary Shares of Maskeliya Plantations PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Accounts of the Company for the year ended 31 March, 2024 have been submitted to the Colombo Stock Exchange within three months of the Balance Sheet date.

## Distribution of Shareholdings

No of Shares Held	No. of Shareholders	%	No. of Share	Holding %
1-1000	16,164	97.02	2,113,032	3.92
1001-5000	315	1.89	753,737	1.40
5001-10000	84	0.50	659,839	1.22
10001-50000	62	0.37	1,372,492	2.54
50001-100000	20	0.12	1,419,173	2.63
100001-500000	15	0.09	2,636,820	4.89
500001-1000000	-	-	-	-
1000001 & above	1	0.01	44,998,397	83.40
<b>Total</b>	<b>16,661</b>	<b>100.00</b>	<b>53,953,490</b>	<b>100.00</b>

## Distribution of Shareholdings - Inter Companies & General Public

	No. of Shareholders	%	No. of Share	Holding %
Resident Shareholders	16,645	99.90	53,802,283	99.72
Non-Resident Shareholders	16	0.10	151,207	0.28
<b>Total</b>	<b>16,661</b>	<b>100.00</b>	<b>53,953,490</b>	<b>100.00</b>

Public Shareholding as at 31 March 2024 is 16.60%. (31.03.2023 - 16.60%). This represents by 16,659 Shareholders (31.03.2023 - 16,606)

The Company complies with option 02 of the listing rules 7.13.1 (b) - Less than Rs. 1 Bn. float adjusted market capitalization which requires 10% minimum Public Holding

		Year Ended	
		31-Mar-24	31-Mar-23
Market Capitalization	<b>Rs'000</b>	1,726,512	1,969,302
Price Earning Ratio	<b>Times</b>	3.69	2.22
Public Holding	<b>%</b>	16.60	16.60
Total no. of Shareholders representing the Public Holding	<b>Nos.</b>	16,659	16,606
Float adjusted Market Capitalization	<b>Rs'000</b>	286,601	326,904
	<b>Value</b>	<b>Date</b>	
Market Value per Share	32.00	28/03/2024	
The highest Value Recorded	44.00	28/07/2023	
The Lowest Value Recorded	30.00	21/06/2023	

## Market Value per share

### Colombo Stock Market Activities During The Year

	2023/24	2022/23
Number of Trades	235	234

## Twenty Five Major Shareholders

	As at 31 March 2024		As at 31 March 2023	
	Number of Shares Held	% of the Holding	Number of Shares Held	% of the Holding
R.PC Mangement Services (Pvt) Ltd	44,998,397	83.40	44,998,397	83.40
Mr.M.R Rasheed	326,300	0.60	-	- .00
Mr.H.M.Ibrahim	260,200	0.48	-	- .00
MR.M.I.M.Shafie	250,044	0.46	-	- .00
Mackson Holdings (Pvt) Ltd	200,000	0.37	-	- .00
Seylan Bank PLC/ Rizmy Ahamed Rishard	179,480	0.33	-	- .00
Merchant Bank of Sri-Lanka & Finance PLC/KK	166,760	0.31	-	- .00
Mr.M.Z Rasheed	166,200	0.31	-	- .00
Mr.M.B.Muhammadh	158,536	0.29	-	- .00
MR.K.V.Hewavitarne	150,000	0.28	-	- .00
Mrs.F.S.Shafel	150,000	0.28	-	- .00
Hi-Line Trading Private Limited	147,000	0.27	-	- .00
Mr.A.A. Marikar	137,727	0.26	-	- .00
Merchant Bank of Sri-Lanka PLC/D.A.M.A.D	128,273	0.24	-	- .00
Hatton National Bank PLC/Ravindra Erle	115,000	0.21	-	- .00
Miss.W.Maryam Wazil	101,300	0.19	-	- .00
Mrs. F Samsudeen	90,500	0.17	-	- .00
Rockport Limited	90,000	0.17	-	- .00
Seylan Bank PLC/A.C Senanka	90,000	0.17	-	- .00
Miss.A Radhakrishnan	86,867	0.16	86,867	0.16
Miss.M.P Radhakrishnan	86,866	0.16	86,866	0.16
Mr.R.E.Rambukwelle	82,761	0.15	-	- .00
Seylan Bank PLC/Andaradeniya Estate(Pvt)Ltd	81,096	0.15	-	- .00
Senkadagala Finanace PLC/A.V.R De Silva	72,699	0.13	-	- .00
Mr.M.A Marikar	72,175	0.13	-	- .00
	<b>48,388,181</b>	<b>89.68</b>	<b>-</b>	<b>- .00</b>
Balance held by 16,636 Shareholders (2022/23- 16,583)	5,565,309	10.32	5,714,827	10.59
<b>Total no. of Shares</b>	<b>53,953,490</b>	<b>100.00</b>	<b>53,953,490</b>	<b>100.00</b>

## 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 Corporation
- 2) The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific 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 in two weeks of written notice
- 4) The Company should be required to submit 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 fiscal year
- 5) The Golden Shareholder can request the Board of Directors of the Company to meet with respective nominee, once in every quarter to discuss issues related to the Company's operation of interest to the Government

# 10 Year Summary

<b>Assets &amp; Liabilities</b>	<b>23/24</b>	<b>22/23</b>	<b>21/22</b>	<b>20/21</b>	<b>19/20</b>	<b>18/19</b>	<b>17/18</b>	<b>16/17</b>	<b>15/16</b>	<b>14/15</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
<b>Non Current Assets</b>										
(Excluding Investment)	4,773,108	4,341,957	4,144,151	4,052,126	4,000,781	3,838,061	3,696,714	3,622,369	3,650,558	3,599,682
Current Assets	1,717,039	1,829,224	913,354	854,621	736,898	926,789	956,022	820,059	755,820	845,749
Current Liabilities	1,966,626	(2,272,374)	(2,132,527)	(1,990,174)	(2,496,245)	(1,971,494)	(1,821,670)	(1,944,797)	(1,778,006)	(1,474,138)
Working Capital	(249,587)	(443,151)	(1,219,173)	(1,135,553)	(1,759,347)	(1,044,705)	(865,648)	(1,124,738)	(1,022,186)	(628,390)
Long Term Debt	599,290	624,702	773,405	996,072	438,520	418,672	509,466	513,134	583,711	532,605
Provision for Terminal Benefits	880,219	910,501	904,839	1,003,931	1,208,307	1,110,362	1,005,741	897,881	905,211	981,279
Interest paid/Received										
(Including /Borrowing Cost)	183688	229,819	172,295	175,530	231,369	252,066	184,538	250,788	218,023	135,449
<b>Share Capital &amp; Reserves</b>										
Stated Capital	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721
General Reserve	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Revenue Reserve	953,202	537,817	(204,354)	(500,164)	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541
Total Shareholders' Fund	2,166,923	1,751,538	1,009,367	713,557	373,245	1,025,924	1,060,870	882,710	924,250	1,229,262
% Increase in Shareholders' Fund	23.72	73.53	41.46	91.18	(63.62%)	(3.29%)	20.18%	(4.49%)	(24.81%)	(12.77%)
Capital Employed (Rs. Mn)	2,415	2,200	1,714	1,645	728	1,631	1,828	1,590	1,864	2,007
<b>Financial Ratios</b>										
Return on Capital employed %	27.53%	56.83%	19.77%	23.27%	(30.01%)	13.70%	24.86%	8.72%	(14.04%)	(3.34%)
Current Ratio (Times)	0.87	0.80	0.43	0.43	0.30	0.47	0.52	0.42	0.43	0.57
Debt Equity Ratio (Times)	0.29	0.55	1.23	2.07	3.92	1.31	1.19	1.63	1.71	1.05
Equity to Assets %	33%	28%	20%	15%	8%	22%	23%	20%	21%	28%
Interest Cover (Times)	5.55	6.99	2.22	1.60	-	1.03	3.21	-	-	-
Total Asset to Current Liabilities %	30%	37%	42%	41%	53%	41%	39%	44%	40%	33%
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-	-
Debt to Total Assets %	10%	16%	25%	30%	31%	28%	27%	32%	36%	29.16%
<b>Investor Ratios</b>										
Annualized Earnings per Share (Rs.)	8.68	16.43	3.01	1.92	(10.68)	0.10	4.66	(1.72)	(8.68)	(3.41)
Price Earning Ratio (Times)	3.69	2.22	3.18	5.73	-	108	4	-	-	-
Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Dividend per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
Dividend Cover (Times)	-	-	-	-	-	-	-	-	-	-
Dividend Yield %	-	-	-	-	-	-	-	-	-	-
Effective Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Market Price of a Share as at 31/03(Rs.)	32.00	36.50	9.60	11.00	6.20	10.80	19.20	7.70	7.70	9.90
Market Capitalization (Rs.Mn.)	1,727	1969	518	593	335	583	1,036	415	415	534
Net Asset Value per Share (Rs.)	40.16	32.46	18.71	13.23	6.92	19.01	19.66	16.36	17.13	22.78
Net Sales Average per 1 kg Tea (Rs.)	974.49	1203.75	585.56	585.15	484.05	540.08	576.63	504.18	388.93	399.33
Capital Expenditure (Rs.000)	323,893	144,393	128,196	47,262	64,976	171,275	186,021	64,810	148,252	204,002

<b>Assets &amp; Liabilities</b>	<b>23/24</b>	<b>22/23</b>	<b>21/22</b>	<b>20/21</b>	<b>19/20</b>	<b>18/19</b>	<b>17/18</b>	<b>16/17</b>	<b>15/16</b>	<b>14/15</b>
	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>	<b>Rs'000</b>
Production Kg.'000										
Estate	5,811	4,614	5,950	6,351	6,690	7,323	7,446	6,497	7,836	7,997
Bought	356	319	320	291	303	213	178	254	426	453
Total	6,168	4,933	6,270	6,642	6,993	7,536	7,624	6,751	8,263	8,450
Revenue	6,328,771	6,169,527	4,005,924	3,974,895	3,716,295	4,167,216	4,517,365	3,455,462	3,273,852	3,526,431
Gross Profit/(Loss)	1,001,274	1,712,458	361,102	225,620	(359,988)	260,934	645,106	182,688	(151,782)	22,228
Operating Profit/(Loss) Before										
Management Fees & Interest	1,042,825	1,788,430	406,086	310,638	(336,419)	259,725	635,615	186,796	(162,584)	47,173
Profit before Interest & Similar Charges	927,921	1,576,847	375,609	275,900	(356,621)	238,603	556,937	159,699	(264,115)	(103,683)
Profit/(Loss) for the year before Tax	760,873	1,351,151	206,279	103,300	(578,720)	6,981	383,412	(83,580)	(460,791)	(220,753)
Profit & (Loss) after Tax	468,101	886,550	162,662	103,513	(576,111)	5,264	251,398	(92,707)	(468,469)	(184,126)
Retained Profits	953,202	537,817	(204,354)	(500,164)	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
<b>Operating Ratios</b>										
Annual Turnover Growth %	3%	54%	1%	7%	(11%)	(8%)	31%	6%	(7%)	3%
Profit Growth %	(47%)	445%	57%	118%	(11045%)	(98%)	371.17%	80.21%	(154.43%)	(99.72%)
Turnover per Employee Rs.'000	1,078	914	541	460	357	376	415	289	263	277
Fixed Assets to Turnover Ratio %	75%	70.38%	103.45%	101.94%	107.65%	92.10%	122.20%	95.39%	89.68%	97.97%

## Definitions

ACT	Advance Company Tax
Bio Tea	The finished product of organically produced green leaf of Tea
Borrowing Costs	Interest and other costs incurred by an enterprise in connection with the borrowing of funds
Cash Equivalents	Liquid Investments with original maturities of three months or less
CIS	Commonwealth of Independent States
Contingent Liabilities	Condition or situations at the Balance Sheet date, the financial effects of which are to be determined by future events, which may or may not occur
COP	Average cost to produce a kg of Made Tea. It is computed for all the Grades collectively
Current Ratio	Current assets divided by current liabilities
Dividend Cover	Profit attributable to shareholders divided by gross dividend
Dept equity	Long term loan /(equity plus term loan)
Dividend Per Share	Dividend attributable to ordinary shareholders divided by the number of Ordinary Shares in issue
Earnings Per Share	Profit attributed to ordinary shareholders divided by the number of Ordinary Shares in issue and ranking for dividend
Enterprise Value	Market capitalization plus net debt
Gearing	Long Term Interest bearing Borrowings/Liabilities as a percentage to Total Capital (Shareholders' Funds Plus Long Term Interest bearing Borrowings/Liabilities)
General Reserve	Reserve available for distribution and investments
GSA	Gross Sales Average
HACCP	Hazard Analysis Critical Control Point System
Interest Cover	Profit before tax plus interest charges divided by interest charges
ISO	International Organisation for Standards

Market Capitalisation	Number of Shares in issue, multiplied by the market value of each Share at the year-end
Negative Goodwill	The excess of the fair value of assets acquitted by way of finance lease over the net liability to the lessor
Net Assets	Sum of Fixed Assets and Current Assets less total liabilities
Net Assets Per Share	Net Assets at the end of the period divided by the number of Ordinary Shares in issue
NSA	Net Sales Average is the average price realised per kg of Made Tea at an Auction or an average price realised over a period. It can be worked for each grade separately and for all the grades individually
PBIT	Profit Before Interest and Tax
Price Earnings Ratio	Market price of a share divided by earnings per share.
Related Parties	Parties who could control or significantly influence the financial and operating policies of the Company
Return on Capital Employed (ROCE)	Profit after tax plus Interest on Borrowings as a percentage of Average Capital Employed. (Shareholders' Funds Plus Long Term Interest bearing Borrowings/Liabilities)
Return on Equity	Profit after tax as a percentage of average shareholder's funds
Shareholder's Funds	Funds attributable to Shareholders and comprises of Share Capital, Reserves and Retained Profit
SLAS	Sri Lanka Accounting Standards
Turnover per Employee	Consolidated turnover of the Company for the year divided by the number of employees at the year-end
UITF	Urgent Issues Task Force of the Institute of Chartered Accountants of Sri Lanka
Value Addition	The Quantum of wealth generated by the activities of the Company and its application
VAT	Value Added Tax
Yield (YPH)	Average yearly output of produce from a hectare of mature plantation

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty –First (31st ) Annual General Meeting of Maskeliya Plantations PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Friday, 27th September, 2024 at 11.00 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 31st 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 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. Sarath Samaraweera 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 Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.  
“That Dr. Sarath Samaraweera of 1F20, Mattegoda Scheme, Mattegoda who is 76 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. Sarath Samaraweera ”
4. To re elect Dr. Saman Hettiarachchi who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director
5. To re -appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine contributions to charities
7. 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  
28 August 2024

Note:

- 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

The completed form of proxy should be deposited at the registered office of the Company No. 310, High Level Road, Nawinna, Maharagama., 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  
 MASKELIYA PLANTATIONS PLC , hereby appoint .....  
 ..... of .....  
 .....

whom failing DR. SENA YADDEHIGE whom failing DR. LAXMAN SAMAN KUMARA HETTIARACHCHI whom failing SHAMINDA YADDEHIGE whom failing Dr. SARATH SAMARAWEERA \* 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 Friday 27th 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 31st March 2024 with the Report of the Auditors thereon	<input type="text"/>	<input type="text"/>
2. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sena Yaddheige at this Annual General Meeting, a Director	<input type="text"/>	<input type="text"/>
3. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sarath Samaraweera at this Annual General Meeting, a Director	<input type="text"/>	<input type="text"/>
4. To re elect Dr. Saman Hettiarachchi, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director	<input type="text"/>	<input type="text"/>
5. To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.	<input type="text"/>	<input type="text"/>
6. To authorize the Directors to determine contributions to charities	<input type="text"/>	<input type="text"/>
7. To consider any other business of which due notice has been given	<input type="text"/>	<input type="text"/>

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 the Registered Office of the Company No. 310, High Level Road, Nawinna, Maharagama., not later than 11.00 a.m. on Wednesday, 25th 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 Company	: Maskeliya Plantations PLC
Legal Form	: A Quoted Public Company with Limited Liability Incorporated in Sri Lanka
Date of Incorporation	: 22 June 1992
Company Registration No	: P Q 134
Registered Office	: 310, High Level Road, Nawinna, Maharagama
Business Address	: 310, High Level Road, Nawinna, Maharagama
E-Mail address	: mpl.rpk@arpico.com
Holding Company & Management	: RPC Management Services (Pvt) Ltd
Ultimate Parent Enterprise	: Richard Pieris & Company PLC 310, High Level Road, Nawinna, Maharagama
Business Activity	: Tea Plantations
Stated Capital	: Rs. 673,720,950/- Represented by 43,953,490 Shares
Group Holding	: 83.40%
Directors	: Dr. Sena Yaddehige Chairman Shaminda Yaddehige Director Dr. L S K Hettiarachchi Director Dr. D S A Samaraweera Director J L A Fernando Director (Ceased to be a Director W.e.f 05/07/2024) K A S Lasantha Director (Ceased to be a Director W.e.f 27/12/2023)
Stock Exchange Listing	: The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Management	: Mr. V Pusselle - Acting Chief Executive Officer Mr. I A A D Weerakoon - Deputy Chief Operating Officer Mr. T T Christy - General Manager Mr. T N B Herath - Deputy General Manager Mr. M M K Bandara - Deputy General Manager-Compliance and Quality systems Development) Mr. H K Caldera - Senior Accountant Mr. H M B M Jayathilake - Accountant Mr. R M S S Herath - Manager Information Systems Mr. L Thennakoon - Manager Plantations Secretaries : Richard Pieris Group Services (Private) Limited 310, High Level Road, Nawinna, Maharagama Telephone : 011 - 4310564
Auditors	: Messrs, Ernst & Young Chartered Accountants 201, De Saram Place, Colombo 10
Bankers	: Sampath Bank PLC - Nawam Mawatha Branch Bank of Ceylon - Corporate Branch & Regional Branch Union Bank PLC - Colombo Hatton National Bank PLC - City Office Branch National Development Bank PLC Nations Trust Bank PLC Commercial Bank of Ceylon PLC



**Maskeliya Plantations PLC**

No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.

Telephone : +(94) 11 4310500, Fax : +(94) 114310835

Web : [www.arpico.com](http://www.arpico.com), E-mail : [mpl.rpk@arpico.com](mailto:mpl.rpk@arpico.com)