

HATTON PLANTATIONS PLC

# WHERE TRADITION MEETS TOMORROW



ANNUAL REPORT 2024/2025





## WHERE TRADITION MEETS TOMORROW

Amidst evolving local and global market dynamics, we remain committed to elevating quality and productivity. By embracing fully integrated field digitalization and enterprise resource planning (ERP) systems, we ensure real-time monitoring and precise control of every stage in crafting the finest teas.





## OUR PURPOSE

"Growing Hatton Plantations to be  
the Industry Leader"



## OUR FUTURE

"To be the most admired Plantation  
Company in Sri Lanka"



## OUR VALUES

### Our Approach

Integrity, Honesty,  
open and  
transparent

### Our Heritage

Perseverance,  
Never give up

### Our Solutions

Innovation,  
Improvement  
through  
continuous  
change

### Our Promise

Responsibility,  
Accountability to  
all stakeholders

### Trust

The foundation  
upon which we  
grow

# Contents

2...	ABOUT THE REPORT
5...	ABOUT HATTON PLANTATIONS
7...	ESG FRAMEWORK & REPORTING
8...	MILESTONES
10...	OUR ESTATES AND FACTORIES

## Performance Highlights

14...	FINANCIAL HIGHLIGHTS
15...	NON-FINANCIAL HIGHLIGHTS - THE COMPANY
16...	HISTORICAL FINANCIAL INFORMATION

## Corporate Leadership

23...	CHAIRMAN'S MESSAGE
27...	MANAGING DIRECTOR/CEO'S REVIEW
32...	BOARD OF DIRECTORS
34...	BOARD OF DIRECTORS' PROFILE
38...	CORPORATE MANAGEMENT TEAM

## Management Discussion and Analysis

40...	OPERATING ENVIRONMENT
46...	STAKEHOLDER REVIEW
50...	FINANCIAL CAPITAL
55...	STRATEGIC VALUE CREATION
56...	MANUFACTURED CAPITAL
63...	HUMAN CAPITAL
73...	INTELLECTUAL CAPITAL
81...	NATURAL CAPITAL
91...	SOCIAL AND RELATIONSHIP CAPITAL

## Governance and Risk

104...	CORPORATE GOVERNANCE
122...	RISK MANAGEMENT
132...	ANNUAL REPORT OF THE BOARD OF DIRECTORS
137...	DIRECTORS' STATEMENT ON INTERNAL CONTROLS
139...	STATEMENTS OF DIRECTORS' RESPONSIBILITY
141...	STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

142...	REPORT OF THE AUDIT COMMITTEE
145...	REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE
147...	REPORT OF THE REMUNERATION COMMITTEE
149...	NOMINATIONS AND GOVERNANCE COMMITTEE REPORT
153...	RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR/CEO AND CHIEF FINANCIAL OFFICER

## Financial Reports

155...	FINANCIAL CALENDAR
156...	INDEPENDENT AUDITOR'S REPORT
160...	STATEMENT OF PROFIT OR LOSS
161...	STATEMENT OF COMPREHENSIVE INCOME
162...	STATEMENT OF FINANCIAL POSITION
164...	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
165...	COMPANY STATEMENT OF CHANGES IN EQUITY
166...	STATEMENT OF CASH FLOWS
167...	NOTES TO THE FINANCIAL STATEMENTS

## Supplementary Information and Annexures

240...	VALUE ADDED STATEMENT
241...	ESTATE HECTARAGE STATEMENT
241...	CROPS AND YIELDS
242...	PERMANENT BUILDINGS ON ESTATES
243...	OUR ESTATES AND FACTORIES
244...	SHAREHOLDERS' AND INVESTORS' INFORMATION
247...	COMPLIANCE RULES AND GRI INDEX
261...	GLOSSARY
265...	NOTES
266...	NOTICE OF THE ANNUAL GENERAL MEETING
267...	FORM OF PROXY
269...	CORPORATE INFORMATION



## ABOUT THE REPORT

GRI 2-2, 3, 4, 5

**Hatton Plantations PLC's 8th Annual Report provides a comprehensive overview of the Company's performance and value creation for the financial year starting 01, April 2024 and ended in 31, March 2025, covering a 12-month cycle.**

**Our integrated approach shares our strategies in delivering value through the capitals, in engaging our stakeholders, and in protecting shareholder interests. We have strived to achieve sustainable practices across our operations and comply with industry benchmarks in our governance processes.**

**This year, our integrated reporting structure has been expanded to include GRI (Global Reporting Initiative) and to provide an insight into our efforts in ESG (Environment, Social and Governance) Initiative.**



### Scope and Boundary

This report shares Hatton Plantations PLC (HPL) business and operational activities as well as risk, governance and sustainability measures. The report covers both financial and non-financial information, enabling our shareholders to obtain an understanding of HPL's performance in every aspect possible.

This report covers the existing 13 estates and 1 processing factory of HPL and our newly expanded estate, processing and warehousing operations.

**Reporting Cycle:** Annual

**Reporting period:**

1 April 2024 to 31 March 2025

**The most recent report was issued on:**

26th August 2024

The information related to the previous period has not been reinstated during this period unless otherwise stated. There were no significant changes in the organization type, structure or ownership during the reporting period.

### Targeted Audience

This report aim to provide company related information to shareholders and potential investors to assess the company's growth, strength and stability. It also aims to share information useful for other stakeholders such as buyers, brokers, community, employees, and suppliers.

## Reporting Frameworks

Hatton Plantations PLC delivers a comprehensive, reasonable and relevant report adhering to industry standards and reporting guidelines. We share the steps taken to nurture our capitals towards stakeholder value creation, and continuously aim to improve the quality of our reporting standards. This year's report is structured as below:

Corporate Focus	<ul style="list-style-type: none"> <li>About Hatton Plantations PLC</li> <li>Our Estates</li> <li>Historical Milestones, Awards and Accolades</li> </ul>	<b>PAGES</b> 5 to 6 and 8 to 11
Sustainability Focus	<ul style="list-style-type: none"> <li>Non-Financial Highlights</li> <li>ESG Reporting</li> </ul>	<b>PAGES</b> 15 and 7
Corporate Leadership	<ul style="list-style-type: none"> <li>Chairman's Message</li> <li>CEO's Review</li> <li>Board of Directors and their Profiles</li> <li>Corporate Management</li> </ul>	<b>PAGES</b> 23 to 38
Strategic Focus	<ul style="list-style-type: none"> <li>Operating Environment</li> <li>Stakeholder Review</li> <li>Capital Reports</li> </ul>	<b>PAGES</b> 40 to 101
Risk and Governance Reports	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Risk Management</li> <li>GRI Index table</li> </ul>	<b>PAGES</b> 104 to 121, 122 to 131 and 256 to 260
Financial Reports	<ul style="list-style-type: none"> <li>Financial Highlights</li> <li>Historical Financial Review</li> <li>Financial Statements</li> </ul>	<b>PAGES</b> 14 to 15, 16 to 21 and 156 to 238
Committee Reports		<b>PAGES</b> 142 to 152
Supplementary Information		<b>PAGES</b> 239 to 246

## Strategic Focus

The report shares in detail the macro and micro environment that impacted the performance of the company and the industry in the operating environment. It further explains the efforts taken to engage and enhance stakeholder relationships through value creation for the multiple stakeholders HPL engages with. Further, the strategic focus reports on how these impacts and relationships translated in our performance and what strategies were employed to mitigate and improve the risks and challenges faced by the company. The capital reports presented in this report are:



### Financial Capital



### Manufactured Capital



### Human Capital



### Social and Relationship Capital



### Intellectual Capital



### Natural Capital



The regulatory and voluntary frameworks adopted in preparing this report include:

REGULATORY	VOLUNTARY
<ul style="list-style-type: none"> <li>Companies Act No.7 of 2007</li> <li>Code of Best Practices and Corporate Governance 2023</li> <li>Continued Listing Requirements of the Colombo Stock Exchange</li> <li>Sri Lanka Accounting &amp; Auditing Standards Act No.15 of 1995</li> <li>Sri Lanka Financial Reporting Standards</li> <li>Directives and Circulars of the Securities and Exchange Commission of Sri Lanka (SEC) Act</li> </ul>	<ul style="list-style-type: none"> <li>International &lt;IR&gt; Framework of the IIRC</li> <li>A Preparer's Guide to Integrated Corporate Reporting ICASL</li> <li>Global Reporting Initiative (GRI) Universal Standard</li> <li>Guidance on Environment , Social and Governance (ESG) reporting</li> <li>United Nations Sustainable Development Goals (SDGs)</li> </ul>

### Conciseness

All the necessary and vital information is delivered concisely.

### Reliability and Completeness

Hatton Plantations PLC has obtained independent assurance on the financial statements from external auditors Messrs Deloitte Partners.

### Consistency and Comparability

The financial and non-financial information for the year under review and the comparable periods have been provided in the report.

### Board Acknowledgement

The Annual Report of Hatton Plantations PLC for the year ended 31st March 2025, has been prepared and reviewed by the Management of the Company who have recommended the same to the Group's Audit Committee and Board for their approval.

The Board acknowledges its responsibility to ensure the integrity of the Annual Report which provides a balanced view of the performance of the Company, addressing all material issues that may have an impact on the Company's capacity to create value over the short term. The Board is of the opinion that the Annual Report of Hatton Plantations PLC for the financial year ending 31st March 2025 is presented in accordance with best practices in reporting. The report was unanimously approved by the Board on 23rd June 2025 and is signed on behalf by:



Chairman  
Board of Directors



Chairman Audit  
Committee



Managing Director/  
CEO

For any inquiries, please contact,

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Scan for contact us

## ABOUT HATTON PLANTATIONS

GRI 2-1, 2, 6

### A Legacy of Excellence and Growth

Hatton Plantations PLC has a proud and distinguished history, shaped by key milestones that have driven its transformation into one of Sri Lanka's leading tea plantation companies. Since the landmark privatization of regional plantation companies in 1992, we have continued to grow through strategic joint ventures and pivotal management transitions, each contributing to our progress and diversification.

Today, Hatton Plantations PLC manages 13 estates spanning 7,206 hectares across Watawala, Hatton, and Lindula—regions renowned for their ideal tea-growing conditions at Western High and Western Medium elevations in Sri Lanka's central highlands. The Company manages 12 tea processing factories with a total green leaf handling capacity of 155,500 kg per day, and holds advanced production capabilities including orthodox, CTC, leafy, and green tea processing.

With a strong focus on sustainable agricultural practices and balanced soil nutrition, our teas consistently meet stringent quality standards. Our modern, well-equipped factories are designed to enhance flavor, liquoring quality, and overall product excellence.

Approximately 82% of our teas are sold through the Colombo Tea Auction—the largest of its kind in the world—while the remainder is marketed directly to buyers. This dual-channel approach strengthens our presence in both domestic and global markets, ensuring wide distribution of our premium teas.

### Our Brand

Hatton Plantations has maintained the highest respect and credibility as a reliable and ethical tea producer at the Ceylon Tea Auction. Our garden selling marks hold high regard amongst global tea connoisseurs and are recognized as of highest quality amongst Ceylon Tea varieties. Currently, we offer a diverse product portfolio comprising over 35 tea grades.

### Estates and Selling Marks

Region	Estate	Selling Mark
Lindula	Waltrim	Waltrim
	Henfold	Henfold
	Tangakelle	Tangakelle/ Cymru
	Agarakanda	East Fassifern
	Ouvahakelle	Ouvahakelle
Hatton	Dickoya	Adisham
	Vellai Oya	Vellai Oya
	Abbotsleigh	Florence
	Strathdon	Strathdon
Watawala	Shannon	Shannon
	Kenilworth	Kenilworth
	Carolina	Carolina CTC

### Awards

- For the 5th consecutive year, Hatton Plantations PLC was recognized as the Highest Quantity Producer of Black Tea amongst regional plantation companies in 2024, at the Colombo Tea Auction.



- Hatton Plantations PLC was awarded the Compliance Certificate - Plantation Sector at the TAGS Annual Report Awards 2024.





## Certifications



Rainforest Alliance



Fair Trade Foundation



Central Environment Authority

ISO 22000:2018



HACCP



GMP



FSMS

ISO 9001:2015



QMS

ISO 50001:2018



EnMS



Greenhouse Gas Verification

## Future Vision

As we look ahead, Hatton Plantations PLC remains committed to advancing our legacy of excellence. We strive to be recognized as Sri Lanka's foremost tea producer through continuous innovation, ethical business practices, and sustainable development initiatives. Our focus on enhancing crop yields and expanding production volumes enables us to deliver world-class tea to a broad customer base.

Hatton Plantations believes that our people is the heart of our organization. We invest and dedicate in their growth and well-being whilst ensuring a culture of professionalism and excellence. Equally important is our responsibility to the estate communities we serve. We take pride in supporting a population of 43,746 individuals—including employees, their families, and residents—through initiatives that promote social welfare and contribute meaningfully to the national economy.

## ESG FRAMEWORK & REPORTING

GRI 2-22

Hatton Plantations PLC understands that the ESG Framework is a pivotal tool that offers a comprehensive evaluation of a company's performance in environmental, social, and governance areas. HPL is committed to ethical and sustainable business and has over the years implemented numerous initiatives across the company to integrate Environmental, Social and Governance (ESG) initiatives.



### ENVIRONMENT

Protecting and restoring our environment is a key focus of our efforts. As a plantation company, we are committed to the sustainability of the bio diversity and eco system we operate in.

Action	Achievements
■ Partnering for the protection of forest land	■ Conservation of 250 hectares of biodiversity
■ Rain water harvesting and water conservation	■ Increased efficient water use
■ Land management and reforestation	■ Ensured health of land and soil for future plantation
	■ Efficient environment management

### SOCIAL

Nurturing our relationships and empowering our stakeholders is at the forefront of our social initiatives. We are dedicated to learning, growth and well being of our workforce and communities combined with inclusive and ethical practices.

Action	Achievements
■ Implementation of health and sanitary improvement projects for estate worker community within estate and community habitat	■ Ensuring hygiene and healthy working and living conditions for estate communities
■ Providing education facilities for estate children and day care facilities for estate women	■ Zero child labour and providing opportunities for community children for education and a safe caring environment
■ Addressing stakeholder needs and ensuring value creation	■ Building stronger stakeholder partnerships that benefit both the organisation and stakeholders

### GOVERNANCE

Building a culture of transparency, accountability and responsibility through best practices and creation of value to stakeholders is our primary focus in our governance efforts.

Action	Achievements
■ Enhancing transparency in processes at estate level	■ Reinforcing trust and confidence amongst estate community
■ Investing in technology for greater accuracy and elimination of possible corrupt practices	■ Ensuring accurate and uncorrupted wages and fees
■ Training programs on compliance with laws, policies and industry standards	■ Implementation of fully compliant processes across the company
■ Appointment of independent board members	■ Improving the board's independence in the management process



## MILESTONES

**1992**

Privatisation  
of regional  
plantations  
companies

**1996**

Transition  
of Watalwa  
Platations  
management

**2017**

Establishment  
of Hatton  
Platations PLC

**2019**

HPL majority  
controlling  
stake changed  
hands

**2021**

HPL expanded  
and diversified  
into energy  
sector

**2023**

Commenced  
the automation  
of the estates

**2024**

Invested  
in coffee  
plantation as a  
secondary crop

Introduction  
of ERP into  
process  
management

■ 1992: The Government privatised 22 regional plantation companies in Sri Lanka, leading to a joint venture between Watawala Plantations PLC and Tata Tea Ltd. of India.

■ 1996: Estate Management Services (Pvt) Ltd took over the management of Watawala Plantations PLC.

■ 2017: A demerger resulted in the establishment of Hatton Plantations PLC, which was incorporated on 14 September 2017 as part of the restructuring undertaken by Watawala Plantations PLC under Section 256 of the Companies Act No. 07 of 2007. Hatton Plantations PLC was formed to manage the existing upcountry tea business previously handled by Watawala Plantations PLC.

■ 2019: On 28 May 2019, Estate Management Services (Pvt) Limited, the parent company of Hatton Plantations PLC, sold a majority controlling stake in Hatton Plantations PLC to Lotus Renewable Energy (Private) Limited and its ultimate parent, Renewables (Singapore) Pte Ltd, through the Colombo Stock Exchange at a price of LKR 8.30 per share.

■ 2021: On September 30, 2021, Hatton Plantations PLC acquired a 95.43% stake in Mark Marine Services (Private) Ltd, a hydro power company, investing Rs. 458.9 million as part of its diversification into various business sectors. Additionally, Hatton Plantations PLC expanded its diversification strategy to include the development of three holiday bungalows and a Tea Center in the Hatton and Watawala regions.

■ 2023: Hatton Plantations embarked on a revolutionary step to automate estate functions starting with the mechanization of tea plucking and digital weighing of tea.

■ 2024:

\* HPL diversified its crops into coffee with a 500 hectare coffee plantation.

\* The company also introduced ERP solutions across the estates for improved process and data management



## OUR ESTATES AND FACTORIES

GRI 2.2

### Watawala Region

#### Kenilworth



Land Extent	Total Extent (Ha)	600.86
	Revenue Extent Tea (Ha)	246.86
	Other (Ha)	191
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	616
	Crop with Bought Crop (Kgs)	487,861
Employees	Staff	26
	Associates (including Casuals)	393

#### Carolina



Land Extent	Total Extent (Ha)	892.42
	Revenue Extent Tea (Ha)	220.25
	Other (Ha)	197.79
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	CTC
	Factory Elevation	960
	Crop with Bought Crop (Kgs)	234,372
Employees	Staff	18
	Associates (including Casuals)	249

#### Shannon



Land Extent	Total Extent (Ha)	262.04
	Revenue Extent Tea (Ha)	171.34
	Other (Ha)	27.59
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1,372
	Crop with Bought Crop (Kgs)	445,570
Employees	Staff	26
	Associates (including Casuals)	298

#### Wigton



Land Extent	Total Extent (Ha)	667.58
	Revenue Extent Tea (Ha)	111.85
	Other (Ha)	51.8
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	-
	Factory Elevation	-
	Crop with Bought Crop (Kgs)	141,164
Employees	Staff	8
	Associates (including Casuals)	177

### Hatton Region

#### Abbotsleigh



Land Extent	Total Extent (Ha)	427.46
	Revenue Extent Tea (Ha)	245.66
	Other (Ha)	104.84
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	CTC
	Factory Elevation	1,330
	Crop with Bought Crop (Kgs)	1,684,196
Employees	Staff	40
	Associates (including Casuals)	588

#### Dickoya



Land Extent	Total Extent (Ha)	629.59
	Revenue Extent Tea (Ha)	271.72
	Other (Ha)	134.57
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1,292
	Crop with Bought Crop (Kgs)	739,688
Employees	Staff	29
	Associates (including Casuals)	489

#### Vellaioya



Land Extent	Total Extent (Ha)	840.00
	Revenue Extent Tea (Ha)	325.50
	Other (Ha)	219.65
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1,331
	Crop with Bought Crop (Kgs)	527,025
Employees	Staff	27
	Associates (including Casuals)	589

#### Strathdon



Land Extent	Total Extent (Ha)	644.39
	Revenue Extent Tea (Ha)	258.13
	Other (Ha)	148.28
Production	Elevation Category	Western Medium Grown
	Main Crop	Tea
	Type of Factory	CTC
	Factory Elevation	1,112
	Crop with Bought Crop (Kgs)	532,479
Employees	Staff	29
	Associates (including Casuals)	504

## Lindula Region

### Waltrim



Land Extent	Total Extent (Ha)	578.25
	Revenue Extent	398.71
	Tea (Ha)	
	Other (Ha)	13.5
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1,400
	Crop with Bought Crop (Kgs)	570,491
Employees	Staff	34
	Associates (including Casuals)	768

### Tangakelle



Land Extent	Total Extent (Ha)	36779
	Revenue Extent	2873
	Tea (Ha)	
	Other (Ha)	41.27
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1,472
	Crop with Bought Crop (Kgs)	287,942
Employees	Staff	21
	Associates (including Casuals)	418

### Agrakande



Land Extent	Total Extent (Ha)	228.75
	Revenue Extent	145
	Tea (Ha)	
	Other (Ha)	57.35
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Green Tea
	Factory Elevation	1,369
	Crop with Bought Crop (Kgs)	211,655
Employees	Staff	16
	Associates (including Casuals)	301

### Henfold



Land Extent	Total Extent (Ha)	540
	Revenue Extent	4079
	Tea (Ha)	
	Other (Ha)	14.5
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Ortho/RV
	Factory Elevation	1,381
	Crop with Bought Crop (Kgs)	617,084
Employees	Staff	35
	Associates (including Casuals)	616

### Ouvahkelle



Land Extent	Total Extent (Ha)	52725
	Revenue Extent	255.84
	Tea (Ha)	
	Other (Ha)	1472
Production	Elevation Category	Western High Grown
	Main Crop	Tea
	Type of Factory	Re-processing
	Factory Elevation	1,573
	Crop with Bought Crop (Kgs)	290,652
Employees	Staff	25
	Associates (including Casuals)	478



# Performance Highlights

- 14... FINANCIAL HIGHLIGHTS
- 15... NON-FINANCIAL HIGHLIGHTS - THE COMPANY
- 16... HISTORICAL FINANCIAL INFORMATION



## FINANCIAL HIGHLIGHTS



		GROUP			COMPANY		
		Year ended 2024/2025	Year ended 2023/2024	Variance %	Year ended 2024/2025	Year ended 2023/2024	Variance %
<b>EARNINGS HIGHLIGHTS AND RATIOS</b>							
Revenue	LKR Mn	7,709.9	7,724.9	-0.2%	7,588.0	7,633.2	-0.6%
Results from operating activities	LKR Mn	1,059.8	1,168.4	-9.3%	1,057.2	1,198.8	-11.8%
Profit before tax	LKR Mn	1,045.3	1,130.8	-7.6%	1,037.5	1,159.1	-10.5%
Profit after tax	LKR Mn	718.9	894.6	-19.6%	739.7	1,010.2	-26.8%
Dividends	LKR Mn	237.0	710.0	-66.6%	237.0	710.0	-66.6%
Basic earning per share	LKR	3.03	3.78	-19.5%	3.13	4.27	-26.8%

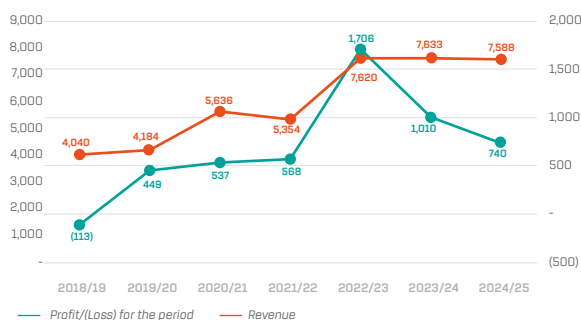
### BALANCE SHEET HIGHLIGHTS AND RATIOS

Total assets	LKR Mn	8,182.8	7,425.3	10.2%	8,380.9	7,568.5	10.7%
Total debt	LKR Mn	225.9	175.4	28.8%	225.9	175.4	28.8%
Total shareholders' funds	LKR Mn	5,054.0	4,674.4	8.1%	5,377.6	4,944.1	8.8%
Net assets per share	LKR	21.29	19.68	8.2%	22.72	20.89	8.8%
Debt/equity	%	4.5	3.8	19.1%	4.2	3.5	18.4%
Debt/total assets	%	2.8	2.4	16.9%	2.7	2.4	14.1%

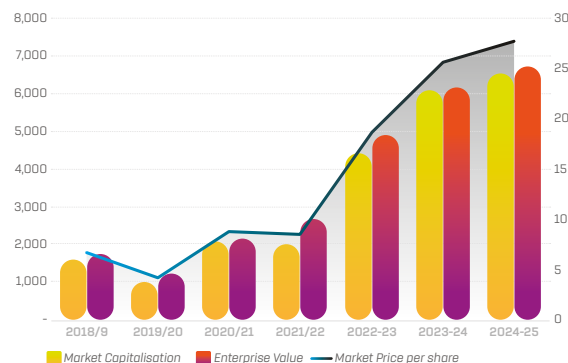
### MARKET / SHAREHOLDER INFORMATION

Market price of share as at 31 March	LKR	27.70	25.70	7.8%	27.70	25.70	7.8%
Market capitalisation as at 31 March	LKR Mn	6,555.7	6,082.3	7.8%	6,555.7	6,082.3	7.8%
Enterprise value	LKR Mn	6,694.1	6,137.9	9.1%	6,732.7	6,178.9	9.0%
Dividend per share	LKR/share	1.00	3.00	-66.7%	1.00	3.00	-66.7%
Dividend yield	%	3.7	11.7	-68.4%	3.7	11.7	-68.4%

Profit / (Loss) and Revenue







Market Information 31 March 2025









## NON-FINANCIAL HIGHLIGHTS - THE COMPANY





### MANUFACTURED CAPITAL

	Unit	2024/25	2023/24	%	SDGs Achieved
Tea production	Kg	6,770,243	7,189,067	-6%	 
No of estates	No.	13	13	-	
Total extent of cultivation - Tea	Ha	3,489.6	3,408.01	2.4%	 
Tea small holders/ sellers	No.	112	110	2%	
Payment to suppliers	Rs. Mn	2,911.5	2,930.4	-0.6%	
Value of PPE – WDV	Rs. Mn	1,909.1	1,819.1	5%	
Capital expenditure	Rs. Mn	346.6	364.1	-5%	





### HUMAN CAPITAL

	Unit	2024/25	2023/24	%	SDGs Achieved
No. of employees	No.	6,267	6,323	-2%	  
Female participation	No.	3,319	3,422	-3%	
New recruits	No.	85	70	21%	  
Investment in training	Rs. Mn	21.5	4.5	>100%	
Training hours including Estate Associates	Hrs	240,000	120,000	100%	







### SOCIAL AND RELATIONSHIP CAPITAL

	Unit	2024/25	2023/24	%	SDGs Achieved
Tea small holders/ sellers network	No.	112	110	2%	   
Estates	No.	13	13	-	
CSR	Rs. Mn	5.8	3.8	53%	

### INTELLECTUAL CAPITAL

	Unit	2024/25	2023/24	%	SDGs Achieved
No. tea grades	No.	33	33	-	 
Quality certifications	No.	09	06	-	
Investment in R&D, technology	Rs. Mn	2.5	1.5	67%	 
Investment in technical experts	Rs Mn	3.5	1.2	>100%	
Training hours on new knowledge/ skill development	Hrs	90,000	63,000	43%	

### NATURAL CAPITAL

	Unit	2024/25	2023/24	%	SDGs Achieved
Raw materials consumed	Rs. Mn	4,567.6	4,503.9	1.4%	  
Electricity consumption	KWH	6,682,151	8,163,172	-18.1%	
Fuel	Liters	445,752	463,792	-3.9%	  
Water usage	Liters - Mn	111.5	113.8	-2.0%	
Firewood	MT	3,116.0	3,098.1	-0.6%	
Soil conservation	Rs. Mn	22.6	171	32.2%	

HISTORICAL FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

	GROUP					COMPANY							
	2025	2024	2023	2022		2025	2024	2023	2022	2021 **	2020 **	2019	2018
ASSETS													
Non-current assets													
Right-of-use assets	368,097	318,420	214,669	208,733		368,097	318,420	214,669	208,733	202,264	207,471	106,843	110,918
Immovable estate assets	5,187	10,297	15,407	20,517		5,187	10,297	15,407	20,517	31,638	42,758	53,878	62,369
Property, plant and equipment other than bearer plants	1,412,574	1,455,215	1,482,686	1,436,965		1,086,830	1,105,382	1,108,663	1,039,150	984,239	995,555	1,042,488	1,153,612
Bearer plants	1,567,806	1,360,012	1,138,186	798,506		1,567,806	1,360,012	1,138,186	798,506	630,626	592,692	619,528	662,345
Biological assets - consumable	2,300,446	2,250,472	2,047,687	1,627,587		2,300,446	2,250,472	2,047,687	1,627,587	1,463,893	1,325,651	700,140	679,356
Investment in subsidiary at fair value through other comprehensive income	-	-	-	-		586,142	556,141	466,405	533,821	-	-	-	-
Equity investments at fair value through other comprehensive income	26,543	27,403	18,428	22,044		26,543	27,403	18,428	22,044	32,057	17,587	24,686	21,645
Long term investment	-	-	-	261,916		-	-	-	261,916	-	-	-	-
Total non-current assets	5,680,653	5,421,819	4,917,063	4,376,268		5,941,051	5,628,127	5,009,445	4,512,274	3,344,717	3,181,714	2,547,563	2,690,245
Current assets													
Inventories	30,324	20,038	832,524	452,925		30,324	20,038	831,353	452,925	590,550	356,016	440,351	678,439
Biological assets-produce crops on bearer plants	609,153	632,889	23,656	17,382		607,982	631,718	23,656	17,382	18,920	9,254	14,612	19,891
Trade and other receivables	213,008	244,663	369,150	241,031		205,381	239,837	276,125	139,028	277,870	150,311	233,666	185,688
Amounts due from related companies	263	957	313,469	59,331		263	957	317,711	48,310	30,039	20,986	-	-
Short term investment in financial assets	1,113,085	600,489	463,386	153,911		1,113,085	600,489	463,386	153,911	249,843	135,000	-	-
Cash and cash equivalents	536,311	504,453	186,283	254,488		482,771	447,339	184,003	253,105	357,017	327,072	185,224	255,493
Total current assets	2,502,144	2,003,489	2,188,468	1,179,068		2,439,806	1,940,378	2,096,234	1,064,661	1,524,239	998,639	873,853	1,139,511
Total assets	8,182,797	7,425,308	7,105,531	5,555,336		8,380,857	7,568,505	7,105,679	5,576,935	4,868,956	4,180,353	3,421,416	3,829,756
EQUITY AND LIABILITIES													
Capital and reserves													
Stated Capital	1,803,400	1,803,400	1,803,400	1,803,400		1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400	1,803,400
Reserve on rearrangement												-	52,798
Reserve on equity investments at FVOCI	15,780	16,640	7,665	11,281		142,986	113,845	15,134	86,166	21,294	6,824	3,041	-
Retained earnings	3,219,803	2,838,275	2,695,890	1,432,546		3,431,195	3,026,904	2,767,941	1,467,718	1,068,491	352,608	(242,754)	95,457
Equity attributable to equity holders of the parent	5,038,983	4,658,315	4,506,955	3,247,227		5,377,581	4,944,149	4,586,475	3,357,284	2,893,185	2,162,832	1,563,687	1,951,655
Non-controlling interests	14,993	16,082	18,536	20,298		-	-	-	-	-	-	-	-
Total equity	5,053,976	4,674,397	4,525,491	3,267,525		5,377,581	4,944,149	4,586,475	3,357,284	2,893,185	2,162,832	1,563,687	1,951,655
Non-current liabilities													
Borrowings	64,313	115,762	175,393	309,337		64,313	115,762	175,393	309,337	128,717	196,700	50,541	151,878
Lease liability	429,408	364,097	246,734	232,112		429,408	364,097	246,734	232,112	217,495	214,137	188,664	193,024
Retirement benefit obligation	840,176	884,131	824,909	768,409		831,393	876,592	818,381	761,472	744,725	1,017,309	1,011,911	661,290
Deferred capital grants	95,989	102,490	110,638	112,878		95,989	102,490	110,638	112,878	115,051	121,320	127,588	133,857
Deferred tax liability	599,492	518,721	350,269	100,029		504,641	416,392	305,751	45,549	116,547	75,045	48,606	95,646
Total non-current liabilities	2,029,378	1,985,201	1,707,943	1,522,765		1,925,744	1,875,333	1,656,897	1,461,348	1,322,535	1,624,511	1,427,310	1,235,695
Current liabilities													
Borrowings	161,559	59,631	238,605	371,430		161,559	59,631	238,605	371,430	101,138	141,658	96,277	101,824
Lease liability	4,487	4,424	2,817	2,353		4,487	4,424	2,817	2,353	1,245	973	4,359	4,191
Trade and other payables	809,933	658,458	593,177	376,549		808,248	656,903	591,182	374,786	506,619	250,379	322,348	499,794
Current income tax liability	123,464	43,197	37,498	14,714		103,238	28,065	29,703	9,734	44,234	-	7,435	36,597
Total current liabilities	1,099,443	765,710	872,097	765,046		1,077,532	749,023	862,307	758,303	653,236	393,010	430,419	642,406
Total liabilities	3,128,821	2,750,911	2,580,040	2,287,811		3,003,276	2,624,356	2,519,204	2,219,651	1,975,771	2,017,521	1,857,729	1,878,101
Total equity and liabilities	8,182,797	7,425,308	7,105,531	5,555,336		8,380,857	7,568,505	7,105,679	5,576,935	4,868,956	4,180,353	3,421,416	3,829,756

\*\* Restated - Statement of Financial Position

STATEMENT OF INCOME

	GROUP			
	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022
Revenue	7,709,932	7,724,871	7,708,019	5,392,519
Cost of sales	(6,499,334)	(6,576,677)	(5,798,933)	(5,014,862)
Gross (loss)/profit	1,210,598	1,148,194	1,909,086	377,657
Other income	143,693	120,578	76,881	109,537
Gain on change in fair value of biological assets	51,893	187,314	397,981	147,378
Administrative expenses	(346,365)	(287,701)	(294,155)	(179,953)
Operating (loss)/profit	1,059,819	1,168,385	2,089,793	454,619
Finance income	114,708	126,109	121,600	33,859
Finance costs	(29,119)	(77,852)	(112,490)	(44,346)
Interest paid to government on lease	(100,139)	(85,833)	(57,631)	(53,599)
Net finance costs	(14,550)	(37,576)	(48,521)	(64,086)
Gain on bargain purchase	-	-	-	25,979
Profit/(Loss) before income tax	1,045,269	1,130,809	2,041,272	416,512
Income tax expense	(326,419)	(236,180)	(371,719)	116,255
Profit/(Loss) for the year	718,850	894,629	1,669,553	532,767
Other comprehensive income:				
Changes in the fair value of equity investments at fair value through comprehensive income	(860)	8,975	(3,616)	(10,013)
Remeasurements of post-employment benefit obligations	(140,918)	(58,710)	(70,816)	(19,898)
Income tax relating to these items	42,276	17,613	21,245	(30,004)
Total other comprehensive income for the year (net of tax)	(99,502)	(32,122)	(53,187)	(59,915)
Total comprehensive income/(loss) for the year	619,348	862,507	1,616,366	472,852

\*\* Restated - Statement of Profit or Loss  
\*\* \*Six months ended- Statement of Profit or Loss

COMPANY							
Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2020/2021 **	Year ended 2019/2020 **	Year ended 2018/2019	Six months ended 2017/2018***
7,587,967	7,633,209	7,619,812	5,353,963	5,635,888	4,184,464	4,039,996	2,317,027
(6,448,542)	(6,529,625)	(5,754,942)	(4,991,572)	(5,035,614)	(4,275,443)	(3,945,228)	(1,881,238)
1,139,425	1,103,584	1,864,870	362,391	600,274	(90,979)	94,768	435,789
198,266	183,889	147,607	180,295	94,134	133,426	105,372	55,602
51,893	187,314	397,981	147,378	126,625	612,578	3,803	28,877
(332,352)	(275,958)	(283,412)	(174,270)	(185,866)	(137,239)	(259,357)	(103,661)
1,057,232	1,198,829	2,127,046	515,794	635,167	517,866	(55,414)	416,607
109,516	123,967	119,844	32,616	32,030	24,691	16,072	10,923
(29,119)	(77,852)	(112,490)	(44,346)	(13,989)	(25,347)	(34,266)	(16,105)
(100,139)	(85,833)	(57,631)	(53,599)	(51,531)	(49,872)	(44,194)	(20,880)
(19,742)	(39,718)	(50,277)	(65,329)	(33,490)	(50,528)	(62,388)	(26,062)
-	-	-	-	-	-	-	-
1,037,490	1,159,111	2,076,769	450,465	601,677	467,258	(117,802)	390,545
(297,831)	(148,943)	(370,818)	117,604	(64,511)	(17,790)	5,213	(149,714)
739,659	1,010,168	1,705,951	568,069	537,166	449,468	(112,589)	240,831
29,140	98,711	(71,032)	64,872	14,470	1,134	3,041	-
(141,002)	(58,864)	(72,469)	(20,604)	345,406	72,515	(254,945)	-
42,301	17,659	21,741	(29,905)	(48,356)	(10,152)	35,692	-
(69,561)	57,506	(121,760)	14,363	311,520	63,497	(216,212)	-
670,098	1,067,674	1,584,191	582,432	848,686	512,965	(328,801)	240,831



CASH FLOW

	GROUP				COMPANY							
	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2024/2025	Year ended 2023/2024	Year ended 2022/2023	Year ended 2021/2022	Year ended 2020/2021	Year ended 2019/2020	Year ended 2018/2019	Six months ended 2017/2018
Net cash generated from operating activities	1,088,663	1,781,853	1,145,148	479,430	1,033,893	1,659,384	1,080,331	506,867	603,329	113,730	152,939	488,375
Net cash used in investing activities	(761,916)	(421,783)	(532,217)	(965,833)	(706,675)	(357,748)	(471,697)	(892,595)	(293,253)	(173,565)	(52,965)	(65,122)
Net cash generated from / (used in) financing activities	(404,999)	(937,239)	(561,128)	53,747	(401,896)	(933,639)	(557,728)	57,147	(245,085)	166,637	(170,243)	(171,494)
(Decrease) / increase in cash and cash equivalents	(78,252)	422,831	51,803	(432,656)	(74,678)	367,997	50,906	(328,581)	64,991	106,802	(70,269)	251,759

FINANCIAL RATIOS

	GROUP				COMPANY							
	2024/2025	2023/2024	2022/2023	2021/2022	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019	2017/2018
OPERATING RATIOS												
Annual turnover growth %	-0.2%	0.2%	1.2%	0.7%	-0.6%	0.2%	41.3%	-5.0%	34.7%	3.6%	-13%	0
Profit Growth %	-19.6%	-46.4%	213.4%	-0.8%	-26.8%	-40.8%	200.3%	5.8%	19.5%	499.2%	-123%	0
Turnover per employee (Rs.'000)	2,480	1,427	1,424	915	2,450	1,729	1,412	911	911	635	571	662
PROFITABILITY RATIOS												
Return on equity %	14.3%	19.2%	37.0%	16.4%	13.8%	20.4%	37.2%	16.9%	18.6%	20.8%	-7.2%	12.3%
Gross Profit Margin %	15.7%	14.9%	24.8%	7.0%	15.0%	14.5%	24.5%	6.8%	10.7%	-2.2%	2.3%	18.8%
Net Profit Margin %	9.3%	11.6%	21.7%	9.9%	9.7%	13.2%	22.4%	10.6%	9.5%	10.7%	-2.8%	10.4%
LIQUIDITY RATIOS												
Current ratio (Times)	2.28	2.62	2.51	1.54	2.27	2.59	2.43	1.40	2.33	2.54	2.03	1.77
Quick Ratio (Times )	2.25	2.59	1.55	0.95	2.24	2.56	1.47	0.81	1.43	1.64	1.01	0.72
SOLVENCY RATIOS												
Debt equity ratio (Times)	0.04	0.04	0.09	0.21	0.04	0.04	0.09	0.20	0.08	0.16	0.09	0.13
Debt Ratio (Times )	0.38	0.37	0.36	0.41	0.36	0.35	0.35	0.40	0.41	0.48	0.54	0.49
Interest cover (Times)	-	6.47	13.00	5.26	6.47	8.09	13.21	5.60	10.19	7.22	(0.51)	11.56
Total assets to current liabilities %	13%	10%	12%	14%	13%	10%	12%	14%	13%	9%	13%	17%
INVESTOR RATIOS												
Annualised earning per share (Rs.)	3.04	3.78	7.05	2.25	3.13	4.27	7.21	2.40	2.27	1.90	(0.48)	2.04
Price earning share (Times)	9.12	6.80	2.65	3.73	8.86	6.02	2.59	3.50	3.83	2.21	(13.96)	3.82
Dividend per share (Rs.)	1.00	3.00	1.50	0.50	1.00	3.00	1.50	0.50	0.50	0.00	0.25	0.50
Dividend payout ratio	33%	79%	21%	22%	32%	70%	21%	21%	22%	0%	-53%	49%
Dividend cover (Times)	3.04	1.26	4.77	4.50	3.13	1.42	4.87	4.80	4.54	0.00	(1.90)	2.04
Market Capitalization (Rs.'000)	6,555,667	6,082,333	4,425,667	1,988,000	6,555,667	6,082,333	4,425,667	1,988,000	2,059,000	994,000	1,585,667	1,846,000
Net assets value per share (Rs.)	21.29	19.68	19.04	13.72	22.72	20.89	19.38	14.19	12.22	9.14	6.61	8.25
Enterprise value	6,694,116	6,137,876	4,921,469	2,648,744	6,732,663	6,178,908	4,905,213	2,650,127	2,150,578	1,220,396	1,740,284	2,041,424



# Corporate Leadership

23...	CHAIRMAN'S MESSAGE
27...	MANAGING DIRECTOR/CEO'S REVIEW
32...	BOARD OF DIRECTORS
34...	BOARD OF DIRECTORS
38...	CORPORATE MANAGEMENT TEAM

## CHAIRMAN'S MESSAGE



Dear Shareholders,

Welcome to the 8th Annual General Meeting of Hatton Plantations PLC.

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report and Audited Financial Statements of Hatton Plantations PLC for the financial year ended 31 March 2025.

It is noteworthy that the year under review was a promising year for Sri Lanka, recovering from the economic downturn and sociopolitical volatility the country experienced in the previous years. The positive impetus brought about stability to the exchange rate, lowered inflation and firmed interest rates which in turn supported the growth of many sectors including the agricultural sector. It is encouraging that the strengthening and stability of the Sri Lanka Rupee against the US Dollar benefited tea sales at the Ceylon Tea Auction. A favorable increase in tea prices was visible during the year which contributed to Sri Lanka's tea export revenue increase YoY.

However, profitability of tea sales was impacted by the regulatory increase in estate worker wages, while tea volumes slumped due to unfavorable weather conditions especially in the high grown areas.

On a global level, competition for Ceylon Tea continues to grow from regional markets. The impact of import and



tax restrictions imposed by the US, a key buyer of Ceylon Tea, and its effect on the tea market is yet to be fully seen. However, Hatton Plantations remain cautious and vigilant, taking prudent decisions on managing possible concerns.

Notwithstanding these circumstances, I am pleased to share that Hatton Plantations PLC has performed exceptionally reporting a revenue of Rs 7,588.0 million for the year ending 31 March 2025.

I am thankful that the commitment and strategic foresight of our team surpassed many challenges that the plantation sector and the country has faced in the previous years, to remain a top producer of Ceylon Tea. Our tea marks continue to be sought after by global tea buyers, as we remain firm on our commitment to consistent and quality teas.

## Steady Performance

During the financial year 2024/2025, Hatton Plantations PLC reported a profit after tax of Rs. 739.7 million from Rs. 1,010.2 million in the last financial year. The Company's gross profit saw a slight increase of Rs. 35.8 million despite increased cost of production of tea.

Prudent financial management combined with strategic investments at the plantations supported the company to maintain a steady financial position for working capital and funding needs. Shareholders' funds increased to Rs. 5,377.6 million, up by 8.8% from Rs.433.4 million in the last financial year. Earnings per share fell to Rs. 3.13 for 2024/25 FY, compared to Rs. 4.27 in 2023/24 FY.

The Board of Directors declared an interim dividend of Rs. 236.7 million of Rs. 1.00 per share for the year under review.

## Highest Producer of Tea

Yet again the company emerged as the highest black tea producer for the year 2024, producing a volume of 6.8 million Kg., validating Hatton Plantations PLC as a key

contributor in Sri Lanka's tea exports, by selling 6.5 million kg of tea at an average price of Rs.1,134.11 per Kg at the Colombo Tea Auction during the calendar year 2024. Hatton Plantations retained its number one position selling the highest tea quantity at the Colombo Tea Auction for the 5th consecutive year.

## Branding and Recognition

The Company continues its commitment to strengthen the Hatton Plantations PLC brand, in keeping with the high quality tea we serve. HPL teas were rebranded during the year to capture its longevity with the tagline **HATTON TEA CO** 'Since 1882.

Once again, Hatton Plantations PLC achieved the Excellence Award for Highest Quantity Sold amongst Regional Plantation Companies in 2024 as awarded by Forbes & Walker.

Hatton Plantations achieved the international certification for energy management - Energy Management Systems of ISO 50001 standard and verification of Greenhouse Gas (GHG) emissions according to the ISO 14064-1 standards.

HPL was also recognized for the continued efforts towards environment, sustainability and governance reporting at the TAGS Awards 2024 achieving Certificate of Compliance in Group Turnover above LKR 5 billion in Plantation Sector held by the Institute of Chartered Accountants of Sri Lanka.

## Technology Integration

At Hatton Plantations, we are constantly looking to ensure that the company is future ready. This year, we continued our drive to integrate technology into our estate management. Building on the success of the tea plucking mechanization, the company introduced drone technology for supervision and implementation of agrarian practices on the ground. Fertilizer and pesticides were administered using drones whilst supervision of activities on ground were also monitored using the same technology.



We believe embracing suitable innovation, and being receptive to change is crucial in the sustainability of the agricultural sector. Towards this, the company continues to explore opportunities in artificial intelligence and advancements in science and technology that would contribute in enhancing the efficiency and quality of Ceylon Tea production.

### Future Ready

The agriculture sector, by nature of the industry will continue to endure challenges that are both man-made and natural. The limitations of the sector combined with crop specific challenges remain a constant conflict for single crop plantations. While some challenges can be overcome through use of technology, the success of the sector relies on multiple factors including reinvestments and diversification.

While we explore and embrace new technology at Hatton Plantations, we are also mindful of the need to further our investments in the agriculture sector. The company is actively pursuing crop diversification and increasing investments in the sector.

Simultaneously, we seek opportunities in renewable energy sector as a second vertical in the diversification strategy. Energy is an essential resource for any industry and we believe investments in renewable energy is a certain value addition to our business.

### Commitment to the Environment

During the year, Hatton Plantations PLC continued to seek ways to optimize our resource use as a means of reducing waste as well as preserving the environment. With this intention, we are moving towards a paperless working environment in our workplaces and improving the manufacturing processes to ensure minimal wastage.

Being a plantation company, environmental sustainability is fundamental to our mission, emphasized by initiatives

to maximize our positive impact on the ground. At our estates, we actively implement rainwater harvesting and best agricultural practices, which are pivotal in mitigating climate change impacts and ensuring the resilience of our tea plantations.

I am proud that the company continues to be a member of the Rainforest Alliance and continue to foster environmental friendly and sustainable practices in keeping with domestic laws and international best practices across our operation.

### Governance & Sustainability

Governance and sustainability are the pillars that Hatton Plantations journey is built on. Integrating these into our business framework, and generating value for stakeholders and communities is a priority for HPL.

During the year, the company advanced its governance efforts through digital transformations that guided operational and supervisory roles. This has enabled the company to win the trust and confidence of our estate employees and all other communities engaged in our plantation who can enjoy credible and transparent processes as a result.

Additionally, our Company actively enhanced the livelihoods of our estate community by adhering to fair labor practices, ethical business standards, and robust community engagement. Investments in health, education, and community development programs promote the well-being of our employees, communities and their families.

### New Faces at the Board

This year, we sadly bid adieu to Mr. Uditha Palihakkara who has served the Hatton Plantations Board for over six (06) years. I thank him for his business acumen during his tenure that has certainly contributed to navigating the challenging years that the businesses faced. On behalf of the board of directors I wish him well.

At the same time, I have the pleasure of welcoming two new board directors, Mr. Aravinda De Silva and Mr. Mayura Fernando, both of whom have excelled in their own fields of expertise and carry a wealth of knowledge and experience on managing successful businesses. I have no doubt that together they will add value to taking the business to the next phase of success.

## Acknowledgement

I extend a warm appreciation to the shareholders who have placed their confidence, faith and trust in Hatton Plantations and its management and continue to support the company through investments and encouragement.

The Board of Directors for the strategic business acumen which has driven the company to success despite the global and domestic challenges that the company and industry has faced.

My sincere gratitude goes out to Mr. Menaka Athukorale, Managing Director/CEO, who has worked tirelessly to manage the rough tides during the year and come out successful. I am truly grateful for his efforts in the field and in the boardroom, and to the Executive Management Team, and all employees who have supported the company through sheer hard work and dedication.

I extend a special thank you to all frontline employees and their families for their tireless efforts, which have been crucial in maintaining operations on the plantations and ensuring the safety and well-being of everyone.

My appreciation also goes out to buyers, brokers, suppliers, banks, government authorities, and all other service providers. Your continued support and confidence in us have been instrumental in sustaining the operational growth of Hatton Plantations PLC, and we will ensure your trust in us continues into the future.



**G D SEATON**

*Chairman*

*23rd June 2025*

## MANAGING DIRECTOR/CEO'S REVIEW



It is with great pleasure that I present the Annual Report and Financial Statements of Hatton Plantations PLC (HPL) for the 12-months ended 31st March 2025.

I am proud to report that HPL once again recorded the highest tea production volumes amongst regional plantation companies at the Colombo Tea Auction—for the fifth consecutive year- a testament to our operational strength and sturdy agricultural practices.

During the year, our main focus was on enhancing the quality of our tea to secure higher value in the market and weathering environment challenges to maintain our production volumes. At the same time, our efforts were directed towards streamlining operational processes through the adoption of digital and transformative technologies, reinforcing our long-term commitment to efficiency and innovation.

However, increased cost of production due to statutory pressures, combined with erratic weather patterns impacted tea yields and profitability across the plantation. Despite these pressures, Hatton Plantations PLC demonstrated resilience and steadfastness in overcoming the challenges of the operating environment.

I am happy to note that the Company posted a gross profit increase of Rs. 35.8 million, underpinned by our unwavering commitment, out of the box thinking, and technology leveraging to drive resource efficiency.

## Economic Review

The Central Bank of Sri Lanka reported that the economy achieved a robust 5.0 % real economic growth, after two years of annual contraction. The recovery was steady throughout the year with all four quarters posting positive GDP (Gross Domestic Product) growth rates for the first time since 2017.

GDP per capita also increased during the year to USD 4,516 in 2024 compared with 3,801 in 2023. GNI (Gross National Income) followed similar trend and increased to USD 4,404 in 2024 from USD 3,685 in 2023, due to Sri Lanka Rupee appreciation against the US Dollar in 2024.

Prices of food items fluctuated throughout the year due to limited supply of volatile food items owing to extreme weather conditions coupled with festive demand. Non-volatile food items considerably increased due to VAT (Value Added Tax) amendments.

Nominal wages of employees increased in 2024 after the national budget announcement to increase private sector employees minimum wages from Rs.21,000 to Rs.27,000 in April 2025 and further to be increased to Rs.30,000 from 2026. Further, the economically active population (labour force) decreased to 8.316 Million in 2024 from 8.408 Million in 2023, mainly owing to foreign employment departures. As a result, the mid-year population declined by 0.5% in Sri Lanka. All factors combined impacted the availability of labour and cost of wages.

According to the Central Bank, agricultural activities recorded a moderate growth of 1.2% in 2024, reflecting a slight deceleration compared to the 1.6% expansion observed in 2023. It noted that the growth was driven

by animal products and fruits, while extreme weather conditions particularly during the fourth quarter of the year, disrupted key agricultural activities, dampening overall growth.

In 2024 (Jan-Dec), Sri Lanka's national tea production recorded a year-on-year increase of 6 million kg, representing a 2.4% growth, with total output reaching 262.16 million kg. While this marks a modest improvement, it remains below the 300 million kg threshold consistently achieved a decade ago. In recent years, the industry has faced persistent challenges in reaching this benchmark, which is considered essential to adequately meet the demand for Ceylon Tea from Sri Lanka's traditional export markets.

However, at the annual average price of tea reached USD 4.06 per kg at the Colombo Tea Auction, marking the highest-ever recorded average in USD terms. This marginally surpassed the previous peak of USD 4.05 per kg set in 2017, indicative of the resilient market demand for Ceylon Tea.

The National Average Price for the year 2024 stood at Rs. 1,225.17 per kg, reflecting a year-on-year increase of Rs. 53.88. In USD terms, this equated to an increase of USD 0.47.

## Company Performance

Hatton Plantations PLC demonstrated steady and resilient performance during the year, despite adverse weather conditions. This was underpinned by the implementation of robust agro-economic practices and prudent strategic choices. While some estates were impacted by prolonged drought and others by excessive rainfall, which collectively constrained production, the Company achieved a notable output. Total tea production stood at 6.8 million kilograms, with an average yield of 1,378 kg per hectare. Although this marked a decline from 7.18 million kilograms in 2023/24 due to climatic disruptions, our performance remained ahead of regional plantations recorded at the Colombo Tea Auction.



During the year, HPL produced 4.34 million kg of black tea, 2.22 million kg of CTC, and 0.22 kg of green tea. Agarakanda green tea, renowned for its superior quality and consistently favored by international buyers at the Colombo Tea Auction, continued to perform exceptionally. Similarly, the flagship Kenilworth Tea brand maintained its strong market presence, commanding an average selling price of Rs. 1,202. In a significant diversification milestone, we also recorded our first coffee harvest, producing 2116 kg.

On the financial front, Hatton Plantations PLC demonstrated prudence and business acumen in facing external pressures. The Company recorded a gross profit of Rs. 1,139.4 million in 2024/25, reflecting a 3.2% increase compared to Rs. 1,103.6 million in the previous year, primarily supported by favorable foreign exchange gains from the strengthening of the Sri Lankan Rupee against the US Dollar. However, the introduction of a 30% income tax on the agrarian sector impacted overall profitability. Net profit for the year stood at Rs. 739.7 million, after accounting for a significant tax expense of Rs. 297.8 million.

Cost pressures were evident during the year. Cost of sales increased by 11%, rising to Rs. 1,054 per kg compared to Rs. 909 per kg in the previous year. This was driven primarily by higher estate wages, electricity rate hikes and a general increase in input materials and operational expenses. Operating and administrative expenses also grew by 20%, during the year amounting to Rs. 332.4 million.

### Improving Estate Efficiency

In the year under review, the Company implemented several initiatives to improve operational efficiency across the estates by streamlining manufacturing, procurement, and monitoring processes. A key component of these efforts was the upgrade of estate machinery with modern, energy-efficient equipment, which contributed to a significant reduction in energy consumption and resource wastage during production—particularly enhancing the efficiency of the withering process.

As part of this focus, Hatton Plantations increased its investment in machinery replacement, phasing out low-efficiency equipment in favour of advanced, high-efficiency alternatives. Accordingly, the Company's capital expenditure on machinery accounted for Rs. 20.2 million during the year.

The Company continued to drive transformative technology by incorporating the concept of AI and automation into estate operations. Building on the machine plucking initiative introduced in the previous year, we significantly expanded its deployment, especially in areas experiencing a shortage of manual labour. Additionally, we piloted drone technology for the spraying of fertilizers and water—an innovative step towards evaluating its scalability and effectiveness as part of our long-term technology adoption strategy.

Simultaneously, HPL also focused on strengthening crop quality through sustainable agricultural practices such as rainwater harvesting, systematic drainage, composting and terracing. Replanting activities continued across all estates as part of our long-term sustainability strategy. During the year, an additional 3.5 hectares were replanted with tea, 21.66 hectares with coffee, and 23 hectares with timber as well. HPL invested Rs. 346.6 million in capital expenditure during the financial year of which Rs. 256.6 million was spent on replanting and Rs. 90.0 million was spent on property, plant and equipment to enhance the productivity and efficiency in operations of plantation.

### Promoting Sustainability

I am happy to share that HPL partnered with WMPL PLANTS in a collaborative initiative aimed at conserving the biodiversity within and around our estates. This partnership focus on mapping and protection of flora and fauna in adjoining forests and waterways. We believe this initiative will play a vital role in preserving endemic species and safeguarding forest patches from both natural and human-induced threats.

In our continued pursuit of operational excellence, the Company undertook a comprehensive energy audit across all estates to assess and enhance energy efficiency. The audit helped identify areas of high consumption and wastage, leading to targeted interventions. As a result, we achieved greater efficiency in the use of electricity, firewood, and thermal energy-contributing to reduce wastage, optimize energy consumption and improve manufacturing performance.

Demonstrating our ongoing commitment to transparency, responsible governance, and sustainable development, this year's Annual Report marks the introduction of Hatton Plantations' alignment with ESG (Environmental, Social, and Governance) principles and the United Nations Sustainable Development Goals (SDGs). This reflects our commitment to measuring and communicating our sustainability impact while advancing best practices across our operations.

## Empowering People

The Hatton Plantations team has consistently been the driving force behind the Company's success and continued growth. HPL's ability to overcome challenges and deliver strong performance year after year is a testament to the efficiency, commitment, and dedication of our people. The Company places great importance on the growth, development, and welfare of the employees, offering continuous opportunities for skills enhancement and knowledge building.

During the year, greater emphasis was placed on capacity development across all levels of staff and workers. With the increasing integration of technology and automation into estate operations, comprehensive training programs were conducted for estate workers, supervisors, administrative staff and executives to ensure smooth adoption and effective execution.

The female supervisor scheme, introduced last year, exceeded expectations and prompted the company to

extend the initiative to more estate youth. As a result, over 200 young women from estate communities were appointed as supervisors this year, gradually replacing the traditionally male-dominated 'kankani' role with young, educated, female supervisors.

Further reinforcing our commitment to employee wellbeing, the company implemented a range of welfare initiatives focused on health, sanitation, work-life balance, and community upliftment, supporting both the personal and professional development of our workforce.

## Looking Forward

The Company's strong performance amidst significant challenges stands as a testament to Hatton Plantations' resilience and potential for future growth. With signs of stability in Sri Lanka's economic environment, we remain optimistic about the opportunities that lie ahead.

Our strategic focus will continue to be on diversifying our core plantation investments while also exploring other viable sectors. We anticipate our upcoming coffee harvest with interest and are considering further expansion into coffee cultivation. Likewise, plans are underway to extend our timber plantations by 19 hectares in the coming year.

The Company will maintain its momentum in digital transformation, with a continued emphasis on leveraging concepts of AI to enhance operational efficiency and performance. Supplementing the digital drive, streamlining processes and driving productivity through targeted investments will remain a priority.

We are equally committed to strengthening our sustainability and governance frameworks, notwithstanding our steadfast dedication to quality, supported by sound agricultural practices. We see this as an essential step in navigating future challenges and securing long-term value for Hatton Plantations PLC.

## Appreciations

I extend my sincere appreciation to our Chairman and esteemed Board of Directors for their invaluable guidance, strategic insight, and steadfast support throughout the past financial year. I also wish to acknowledge the unwavering commitment and hard work of our executive management team and all employees, whose exceptional efforts have propelled the Company forward during a period marked by uncertainty and challenge.

I am equally grateful to our shareholders, buyers, brokers, suppliers, financial institutions, government authorities, external auditors, and all other service partners for their continued trust and collaboration. Your enduring support has been vital in sustaining our operational progress and delivering value to all stakeholders. We remain confident that this collective strength will continue to guide us as we navigate the road ahead.



**Menaka Athukorala**

*Managing Director/ CEO*

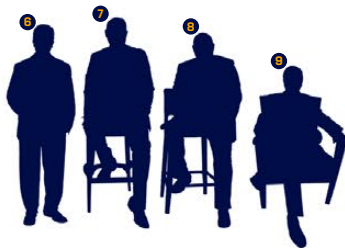
*23rd June 2025*



BOARD OF DIRECTORS



- 1. Mr. Gowri Shankar
- 2. Mr. Indrajith Fernando
- 3. Mr. Gary Seaton
- 4. Mr. Damascene Perera
- 5. Mr. Lucille Wijewardena



- 6. Mr. Mayura Fernando
- 7. Mr. Menaka Athukorala
- 8. Mr. Aravinda De Silva
- 9. Mr. Hiro Bhojwani



## BOARD OF DIRECTORS' PROFILE



**MR. GARY SEATON**

Executive Director  
17 Jul 2019

Mr. Gary Seaton was born and educated in Sydney, Australia, completing his formal education at the University of NSW. He embarked upon a career in Agribusiness, joining the Gardner Smith Group as a trainee in 1975. In 1984, Mr. Seaton opened up Gardner Smith's Singapore office as the first stepping stone to Gardner Smith's expansion to become a global player in the world market before rejoining Gardner Smith in 1988 to head up their International Operations. Mr. Gary Seaton was responsible for the company's expansion into global operations with the establishment of offices in India, Pakistan, Sri Lanka, China, Korea, South Africa, United Kingdom, Tanzania and Turkey. He left Gardner Smith in 1998 to form his own group of companies including the Oceanic Group that continued their investments and involvements in Asia. Mr. Seaton currently heads the Oceanic Group which has operations in Singapore, Malaysia, Sri Lanka (tea and rubber plantations), India (investment in manufacturing plants) and Australia predominantly in the Agricultural Sector.

Mr. Gary has served as a Director Australian Oilseeds Investment since its inception. Mr. Seaton has also served as the Managing Director of Cootamundra Oilseeds Pty Ltd. ("Cootamundra"), Cowcumbra Investments Pty Ltd ("Cowcumbra") and CQ Oilseeds Pty Ltd. since 2014, and he is Chief Executive Officer and Chairman of the Board of Directors of Australian Oilseeds Holding a Nasdaq listed company.

Mr. Seaton also holds Directorship in Lotus Hydro Power PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power System (Private) Limited, Sri Bio Tech Lanka (Pvt) Ltd, G & G Agro Commodities (Private) Limited and Good Earth Fertilizers (Pvt) Ltd.

Gary Seaton is Chairman of the Heart of Love Foundation Australia, a philanthropic organisation providing free healthcare, education, nutrition, and social services across Australia and the Pacific. The Foundation is part of the One World, One Family Mission—a global humanitarian organisation that offers essential services to those who need them most, completely free of charge. The Mission operates the world's largest network of free pediatric cardiac hospitals, with over 36,000 surgeries performed to date. It also runs 27 values-based educational campuses and provides free morning nutrition to 10 million schoolchildren each day in India and other countries.



**MR. MENAKA ATHUKORALA**

Executive Director  
17 Jul 2019

Mr. Menaka Athukorala studied at Nalanda College, Colombo and is a Higher National Diploma holder in Plantation Management and Agriculture, and currently, he has pursued an MBA (General) from the University of Bedfordshire (UK). His career path started as a Junior Assistant Superintendent in 1992 and was promoted to Superintendent at Salawa Estate under Pussellawa Plantations Limited in 2002. He was subsequently promoted to Deputy General Manager.

He joined Lalan Rubber as the Group General Manager in 2013 and is presently the Chief Operating Officer and Country Manager Director of Lotus Renewable Energy (Pvt) Ltd. He also carries out duties and responsibilities in the capacity of a Chief Executive Officer of Lotus Hydro Power PLC.

Mr. Menaka Athukorala also holds Directorship in Origin Tea Exports (Private) Limited, Lotus Hydro Power PLC, Lotus Renewable Energy (Private) Limited, Thebuwana Hydro Power (Private) Limited, Stellenberg Hydro Power (Private) Limited, Halgranoya Hydro Power (Private) Limited, Zyrex Power Company Limited, HI - Tech Power System (Private) Limited, Sri Bio Tech Lanka (Private) Limited and G & G Agro Commodities (Private) Limited.

**MR. GOWRI SHANKAR**

Non- Executive Director

17 Jul 2019

Mr. Gowri Shankar is a seasoned professional with over 22 years of experience spanning mechanical engineering, corporate strategy, renewable energy, agri-commodity trading, and financial structuring. He is currently the Managing Director & CEO of the G&G Group of Companies, Singapore, with operations across Southeast Asia and Australia. His areas of expertise include structuring finance for mergers and acquisitions, managing diversified portfolios, and advising governments, development banks, and private sector entities on strategic investments.

He holds a Bachelor of Technology in Machine Design and Automation Engineering from NIT Jalandhar and an MBA in Finance and Systems from NIT Warangal. He is currently pursuing research in Economics and International Trade at NIT Warangal and was recently recognised with the "Distinguished Young Alumni" award by the institute.

Mr. Shankar also holds directorships in several companies, including Australian Oilseeds Holdings (NASDAQ), Hatton Plantations PLC, Lotus Hydro Power PLC, Lotus Renewable Energy Limited, Thebuwana Hydro Power Limited, Stellenberg Hydro Power Limited, Halgranoya Hydro Power Limited, Zyrex Power Company Limited, and Hi-Tech Power System Limited.

In addition to his corporate roles, Mr. Shankar serves as Board Advisor to the Prashanthi Balamandira Trust, the lead trust of the One World One Family Mission—a global humanitarian organisation that offers world-class healthcare, education, and nutrition, completely free of charge to those who need it most. In this role, he leads financial strategy, impact investment, fundraising, and partnerships, designing strategic financial frameworks to support the Mission's large-scale philanthropic operations. The Mission operates the world's largest network of free pediatric cardiac hospitals, with over 36,000 surgeries performed to date. It also runs 27 values-based educational campuses and provides free morning nutrition to 10 million schoolchildren every day across India and other countries.

**MR. HIRO BHOJWANI**

Non-Executive Director

23 Jul 2019

Mr. Hiro J Bhojwani was born and educated in Singapore, completing his formal education with a Bachelor of Business Administration from the National University of Singapore in 1982.

He joined his family business immediately upon graduation and was assigned to manage the MIS Department of the diversified group. After a thorough revamp of their accounting and financial reporting systems he was transferred to their Business Development Division in 1984.

He was actively involved in and grew the Group's core business of trading and global distribution of consumer electronics, garment manufacturing JVs in Philippines & Thailand and real estate investment and development in Singapore.

He expanded its business in consumer electronics with JVs in Singapore, Russia & Ukraine and company offices in Nigeria, Latvia and UAE and later in Angola.

In 2001 he was appointed Group CEO and the group diversified further. Among the businesses, they built a Coffee Decaffeination plant in Vietnam and the first purpose-built co-living facility in London, England.

He has served as Director on the Board of the Singapore Indian Chamber of Commerce & Industry from 1998 to 2002 and again from 2012 to 2014.


**MR. LUCILLE WIJewardENA**

Non- Executive Director  
15 January 2021

Mr. Lucille Wijewardena is a fellow member of the Institute of Chartered Accountants of Sri Lanka and holds a Master's Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayawardenepura. In his career spanning 41 years he has held many Senior Management positions in areas of Finance and General Management. He served as the Managing Director of Hayleys Plantations, Talawakelle Plantations Ltd and Pussellawa Plantations Ltd.

He held the post of Chairman of the Sri Lanka Tea Board, Chairman of Mahaweli Marine Cement Company Ltd and Group Chief Accountant of Carson Cumberbatch and Company Ltd. He held the position of Chairman at Softlogic Stockbrokers (Pvt) Ltd, Director and Chairman of the Audit Committee of Softlogic Capital PLC. He also served on the Press Complaint Commission of Sri Lanka as a member of the Dispute Resolution Committee. At present, he is the Chairman of Softlogic Stockbrokers Ltd and the Managing Director of Anuga Holdings Pvt Ltd.


**MR. DAMASCENE PERERA**

Non- Executive Director  
15 January 2021

Mr. Damascene Perera counts 48 years in the Tea Trade specializing in Warehousing, Marketing, Trading and Management. He started his career in 1978 at Janatha Estates Development Board (JEDB) and progressed to being an Assistant Manager. After serving JEDB for 13 years he joined its sister organization Sri Lanka State Plantations Corporation for one year as Deputy Director Warehousing. With the privatization of state owned plantations, he joined Hayleys Plantation Services as Marketing Manager and also served Hayleys Produce Marketing Ltd as a Director. In 1997 he formed his own value-added tea exporting company, Regency Teas (Pvt) Ltd, and he currently serves as its Chairman / Managing Director. He is also a Director of Melfort Green Teas (Pvt) Ltd and Yarl Hotels (Pvt) Ltd.


**MR. MAYURA FERNANDO**

Independent-Non-Executive Director  
1 January 2025

Mr. P M B Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group, and Director Finance – Asian Region of Virtusa (An Information Technology Company based in Boston USA).

In General Management Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of Laugfs Capital Ltd, and Chief Executive Officer of Orient Finance PLC.

He was a Non-Executive Independent Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022 and The Lanka Hospitals Corporation PLC from 2020 to 2024. Currently, he is a Non-Executive Independent Director of Laugfs Gas PLC, Laugfs Power PLC, Renuka Hotels PLC, PGP Glass Ceylon PLC, Lotus Hydro Power PLC and several other non-listed companies.

Mr. Fernando is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenapura.




**MR. INDRAJITH FERNANDO**

Independent-Non-Executive Director  
17 Jul 2019

Mr. Indrajith Fernando is a Director of Strategic Insurance Brokers (Pvt) Ltd. Beyond Wealth (Pvt) Ltd and Global Connect Partners.

He serves as a Chartered Institute of Securities Investments (CISI) Advisory Committee member in Sri Lanka and as a Non-Executive Director, Chairman of the Audit Committee and the Integrated Risk Management Committee of listed companies.

Indrajith serves as a Director on the Board of Lanka Rating Company Ltd (LRA), Kerner Haus Global Solutions Plc, and Kandy Hotels Plc, .

Indrajith is a thought leader with over 35 years of experience in business and the accountancy profession. He is a past president of the Institute of Chartered Accountants of Sri Lanka (ICA), Member of International Federation of Accountant (IFAC) Developing Nations Committee, President-South Asian Federation of Accountants, Advisor/ Chairman SAFA Committee on improving Transparency, Accountability and Governance (CiTAG). He is a fellow of the ICA-SL, CIMA UK and CMA Sri Lanka and a Senior Member of CPA-Maldives, He holds an MBA from the University of Queensland, Australia.


**MR. ARAVINDA DE SILVA**

Independent-Non-Executive Director  
16 January 2025

Mr. Aravinda De Silva, an all-time legend in the cricketing world, had an international career spanning over 20 years. He is the only cricketer to have scored a century and taken three wickets in a World Cup final, a feat he achieved during Sri Lanka's victorious 1996 campaign. He further continued his association with the game in Sri Lanka, serving in an advisory capacity to Sri Lanka Cricket and the Minister of Sports, as well as holding the positions of VicePresident of Sri Lanka Cricket, Chairman of Selectors, and Chairman of the Cricket Committee on numerous occasions.

Mr. De Silva was selected as one of the five Wisden Cricketers of the Year in 1996, and he is one of the five Sri Lankan cricketers named on the prestigious list. In 2023, Mr. De Silva was inducted into the ICC Hall of Fame, making him the fourth Sri Lankan to receive that honor.

Mr. Aravinda De Silva has seamlessly transitioned into the investment sector, showcasing remarkable precision and foresight. His journey from the cricket pitch to the investment arena exemplifies a commitment to strategic decision-making and successful ventures, positioning him as a role model for both aspiring athletes and investors. He has been actively involved in infrastructure development and auto sector across multiple countries.

Further, he has expanded his investments into the logistics and property, leveraging his international relationships and expertise to build strategic partnerships in mergers and acquisitions and he remains engaged as a private venture capital investments through his family office.

Mr. Aravinda De Silva further expanded his investment portfolio through his family office in to Ambeon Capital PLC, a company specializes in financial services & the parent company of MillenniumIT ESP (MIT). MIT is renowned for its critical role in technology solutions, leveraging over 28 years of expertise to serve global clients across diverse sectors and industries. Specializing in Telecommunications, Media, Banking and Finance, Manufacturing and Retail, Government, and the Commercial Sector, MillenniumIT ESP operates across various verticals, including Healthcare, Transportation, Leisure, Construction, and more, serving both local and regional markets.

## CORPORATE MANAGEMENT TEAM



### Board of Directors

Mr. Gary Seaton	Chairman
Mr. Menaka Athukorala	Managing Director/ CEO
Mr. Gowri Shankar	Non Executive Director
Mr. Hiro Bhojwani	Non Executive Director
Mr. Indrajith Fernando	Non Executive/ Independent Director
Mr. Mayura Fernando	Non Executive/ Independent Director
Mr. Damascene Perera	Non Executive Director
Mr. Lucille Wijewardena	Non Executive Director
Mr. Aravinda De Silva	Non Executive/ Independent Director



### Senior Executive Management Team

#### Head Office

**Mr. Waruna Fernando**

*Deputy Chief Executive Officer*

**Mrs. Annemarie Outschoorn**

*Chief Financial Officer*

**Mr. Ajith Kolambathantri**

*Group Head of Human Resources*

**Mr. Madhawa Abeygunasekara**

*Senior Manager General Administration & Operations*

**Mr. Sujiva Godage**

*Chief Operating Officer*

**Mr. Suranga Dela**

*Regional General Manager*

**Mr. Kapila Sumanrathne**

*Senior Manager Manufacturing*

**Mr. Gayan De Silva**

*Consultant Marketing*

**Mr. Saliya Plevian**

*Finance Manager*



### Functional Managers

#### Head Office

**Mr. Dasun Jayakodi**

*Head of Information Technology*

**Mr. Sampath Gunawardhana**

*Manager - MIS*

**Mr. Dilan Padmasiri**

*Deputy Manager - Human Resources*

**Mr. Anton Krishantha**

*Senior Accountant*

**Mr. Binara Kawshalya**

*Assistant Manager - Purchasing*

**Mr. Torans Jayasanka**

*Assistant Manager - Quality Assurance*

**Mr. Nisal Rukshan**

*Assistant Manager Plantations and Leisure*



### Internal Audit Managers

**Mr. Bernard Jacob**

*Assistant Manager - Internal Audit*

**Mr. Sampath Sri Lal**

*Assistant Manager - Internal Audit*

**Mr. Rafeek Abdul**

*Assistant Manager - Internal Audit*



### Managers - Regional Office

**Mr. Kumaravel Kirubakaran**

*Assistant Manager - Regional Office*

**Mr. Punnyanath Kumarasiri**

*Assistant Manager - Supervision and Auditing of Agriculture Operation*

**Mr. Chaminda Kumara**

*Assistant Manager - Supervision and Auditing of Agriculture Operation*

**Mr. Indunil Perera**

*Assistant Manager - Supervision and Auditing of Agriculture Operation*



### Estates Managers

Mr. Suranga Dela	Regional General Manager - Hatton and Watawala	Abbotsleigh Estate
Mr. Niroschan Fernando	Senior Manager	Dickoya Estate
Mr. Rukshan Warnakulasuriya	Manager	Strathdon Estate
Mr. Gotabaya Virantha	Manager	Carolina Estate
Mr. Ranjan Madugalla	Deputy Manager	Wigton Estate
Mr. Arjuna Medagama	Manager	Vellaiaya Estate
Mr. Vihanga Pathum	Manager	Shannon Estate
Mr. Buddika Werakoon	Senior Manager	Kenilworth Estate
Mr. Deshan Thilakarathne	Manager	Tangakelle Estate
Mr. Ravindra Sannasooriya	Senior Manager	Henfold Estate
Mr. Tharaka Wijerathne	Manager	Ouvahkelle Estate and Re-processing Factory
Mr. Indika Premachandra	Senior Manager	Waltrim Estate
Mr. Jerrard Stephen	Manager	Agrakande Estate



# Management Discussion and Analysis

40...	OPERATING ENVIRONMENT
46...	STAKEHOLDER REVIEW
50...	FINANCIAL CAPITAL
55...	STRATEGIC VALUE CREATION
56...	MANUFACTURED CAPITAL
63...	HUMAN CAPITAL
73...	INTELLECTUAL CAPITAL
81...	NATURAL CAPITAL
91...	SOCIAL AND RELATIONSHIP CAPITAL



## OPERATING ENVIRONMENT

Over the years, Hatton Plantations PLC has endured many domestic and international trials and tribulations that have contributed to the overall performance of Sri Lanka's tea industry. While these have impacted Hatton Plantations annual returns, the company has maintained robust and strategic initiatives to mitigate the impacts and record impressive volumes and returns. The operating environment of the year under review has been equally challenging and has impacted the demand for Ceylon tea in the tea auction, influenced its price, and decided tea yields and cost of production during the year. Some of these key influences and impacts are shared for a holistic understanding of the company's performance in FY 2024/25.

### MACROECONOMIC REVIEW

Following the economic crisis that began in 2022, Sri Lanka regained stability and embarked on a path of recovery and growth during the last financial year. The growth momentum observed since mid-2023 was driven by the implementation of critical structural and policy reforms, including the floating of the currency, removal of subsidies, domestic debt restructuring, long-anticipated restructuring of international sovereign bonds (ISBs), and the adoption of cost-reflective pricing for state-owned enterprises (SOEs). However, key SOEs are yet to undergo restructuring, and further measures are needed to attract foreign direct investment (FDI) in the upcoming financial year.

Positive indicators such as sustained growth, low inflation, a stable exchange rate, and improvements in fiscal and external balances were observed throughout 2024. These developments, despite the ongoing suspension of external debt servicing, mark the country's strongest economic performance since the COVID-19 pandemic. Nevertheless, the recovery remains fragile and is contingent upon the continued implementation of reforms to support medium-term growth prospects.

### Real GDP Growth

The Sri Lankan economy demonstrated a strong recovery in 2024, recording a real Gross Domestic Product (GDP) growth rate of 5.0%, following two consecutive years of economic contraction. This rebound was characterised by consistent growth across all four quarters, marking the first occurrence of uninterrupted quarterly GDP expansion since 2017.

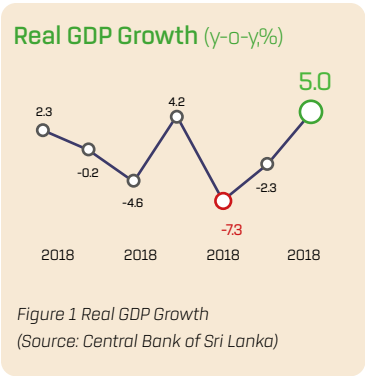
The overall economic performance was primarily driven by a resurgence in industrial activity, with recoveries in both the manufacturing and construction sectors. The services sector also made a substantial contribution, underpinned by sustained momentum in accommodation and transport services. In addition, the agriculture sector recorded positive growth, further reinforcing the broad-based nature of the economic recovery.

In 2024, Sri Lanka's GDP at current market prices rose to Rs. 29,898.6 billion, supported by both real economic growth and a GDP deflator of 3.8%. Concurrently, Gross National Income (GNI) which adjusts GDP for net primary income from the rest of the world increased to Rs. 29,153.9 billion at current prices.

In US dollar terms, nominal GDP grew considerably, reaching USD 99.0 billion in 2024, compared to USD 83.8 billion in 2023.

Per capita income indicators also established outstanding improvement:

- GDP per capita increased to Rs. 1,364,235 in 2024, up from Rs. 1,244,262 in 2023. This was driven by nominal GDP growth coupled with a decline in mid-year population.
- GNI per capita rose to Rs. 1,330,255 in 2024, compared to Rs. 1,206,441 in the previous financial year.



**Inflation**

After an initial uptick, inflation followed an overall decreasing trend during 2024 and reached deflationary levels from September. Increase in VAT, removal of VAT from exempted list, led to the uptick in inflation in early 2024. However, owing to the reduction in electricity tariffs, inflation increase did not persist. Accordingly, headline inflation remained in lower positive single digit levels and below the 5% target from MArCh 2024 onwards.

**Cost of Living**

The annual average change in Consumer Price Indices (CPIs) indicates that the cost of living experienced only a marginal increase in 2024 relative to 2023. Based on the Colombo Consumer Price Index (CCPI), the estimated average monthly household consumption expenditure rose by 1.2%, from Rs. 176,253 in 2023 to Rs. 178,438 in 2024. This shows a

deceleration in the pace of increase compared to the sharp 63.5% rise observed in 2022 over 2021, and the 174% growth recorded in 2023 over 2022.

Year	Avg. Monthly Household Expenditure (Rs.)	% Increase YoY
2023	176,253	+17.4%
2024	178,438	+1.2%

**Wages**

The Informal Private Sector Wage Rate Index (IPSWRI) (2018=100) continued its upward trajectory in 2024, ensuring growth in nominal wages across the informal segment of the economy. On an annual average basis, the index recorded a 6.0% increase in 2024, following a higher growth rate of 11.4% observed in 2023. Wage growth was recorded across all three major economic sectors-agriculture, industry, and services-with the services sector registering the highest nominal wage growth during the year.

As part of the 2025 budget proposals, the Government announced measures aimed at improving the living standards of plantation sector workers. A key measure was the proposed increase of the daily wage to Rs. 1,700. Subsequently, effective from 10 October 2024, plantation workers were granted a revised minimum daily wage of Rs. 1,350, complemented by an incentive allowance of Rs. 50 per additional kg harvested.

**Agriculture**

Agricultural activities recorded a moderate growth of 1.2% in 2024, reflecting a slight deceleration compared to the 1.6% expansion observed in 2023.

**INDUSTRY REVIEW**

**Production Performance – Sri Lanka**

**+2.4%**  
Increase









2024: 262.16 M Kg  
2023: 258.08 M Kg

In the year 2024, Sri Lanka's national tea production recorded a year-on-year increase of 6 million kg, representing a 2.4% growth, with total output reaching 262.16 million kg. While this marks a modest improvement, it remains below the 300 million kg threshold consistently achieved a decade ago. In recent years, the industry has faced persistent challenges in reaching this benchmark, which is considered essential to adequately meet the demand from Sri Lanka's traditional export markets for Ceylon Tea.

At the Colombo Tea Auction, the annual average price reached USD 4.06 per kg, marking the highest-ever recorded average in USD terms. This marginally surpassed the previous peak of USD 4.05 per kg set in 2017, highlighting resilient market demand for Ceylon Tea.

The National Average Price for the financial year 2024/25 stood at Rs. 1,225.17 per kg, reflecting a year-on-year increase of Rs. 53.88. In USD terms, this equated to an increase of USD 0.47 compared to the 2023 average of Rs. 1,171.29.

Key impact factors on Sri Lanka's Tea Industry

Factor	Impact Level	Influence
Weather Patterns	High 	Excessive rainfall in the second quarter affected high-grown tea output, exposing regional vulnerability to climatic variability.
Fertiliser Usage	High 	Limited application by smallholders (75% of national output) continued to affect yield and quality, driven by past policy changes and cost constraints.
Currency Fluctuations	Medium 	Rupee appreciation reduced local earnings despite record USD export revenue; price increases in locally sourced materials added further strain.
Shipping Cost	High 	Rising fuel prices, increased port fees, and Red Sea tariff hikes escalated export costs and logistical expenses.
Geopolitical Factors & Trade	Medium 	Though key markets faced instability, export volumes increased due to mitigating efforts such as the Iran barter agreement; no direct sanctions affected the sector.
Russia – Ukraine War	High 	Russia was Sri Lanka's 3rd largest tea buyer in 2021. The collapse of the Ruble and payment system disruptions, and the weakening of currency caused shipment delays and impaired purchasing power, directly impacting export volumes to a key market.
Policy and Regulations	Low–Medium 	Anticipated tax increases posed cost risks, but the expected IMF bailout finalisation offered improved stability and exporter confidence.  Wage increase by government during the year for estate workers impacted cost of production
Global Demand	Low–Positive 	Strong demand, especially for low-grown Ceylon Tea, maintained favourable USD pricing and helped offset domestic financial challenges.



Export Performance – Sri Lanka

Agricultural exports gained an increase in earnings in 2024 compared to the last financial year. Among these exports, tea, coconut-based products, and spices saw particularly high growth. The rise in tea export earnings, driven by both higher volumes and improved prices, was a result of the continued global demand for Ceylon Tea. However, despite the year-on-year growth, the tea export volume in 2024 remained considerably below the pre-pandemic annual average observed between 2015 and 2019.

In 2024, total tea exports recorded a year-on-year increase of 3.87 million kgs (M/Kgs), representing a growth of 1.6%, and reaching a cumulative volume of 245.78 M/Kgs. Export earnings from tea amounted to Rs. 433.4 billion, compared to Rs. 428.2 billion in 2023, achieving a year-on-year increase of Rs. 5.18 billion or 1.2%.

Export Performance

Sri Lanka's tea exports recorded a historic high in export earnings in 2024, generating approximately USD 1.43 billion. The total export volume, 245.78 million kgs marginally surpassed the 241.91 million kgs exported in 2023. Importantly, the Free on Board (FOB) value per kg reached a record USD 5.83, marking the highest unit price ever recorded in the country's tea export history.

By Volume

Sri Lanka's quarterly tea export volumes in 2024 demonstrated a fluctuating trend, broadly mirroring the pattern observed in 2023. Despite a strong performance in the first quarter, export volumes declined in the subsequent quarters.

By Destination

The 2024 export landscape was marked by mixed performance across markets. Strategic regional partnerships, particularly in the Middle East, played a key role in sustaining export volumes.

Country	2024 (Million kg)	Change (%)
Iraq	34.26	+5%
Russia	24.98	+10%
UAE	21.13	+14%
Turkey	17.73	-42%
China	11.56	-6%
Iran	10.43	+60%

By Tea Category

In 2024, Sri Lanka's tea export profile faced evolving global consumer preferences and market dynamics.

Packaged Black Tea:

Exports declined by 6% year-on-year, falling to 101.82 million kgs. This downward shift may signal a gradual move away from conventional packaging formats in favour of more flexible or value-added alternatives.

Black Tea Bags:

Showcasing stronger performance, tea bag exports grew by 10%, reaching 25.58 million kgs. This increase reflects a rising global demand for convenience-focused products and single-serve options.

Green Tea:

Exports rose by 4%, totalling 4.69 million kgs. This growth aligns with global wellness trends, highlighting sustained interest in green tea's health benefits and distinctive flavour characteristics.

Production Performance – Global

In 2024, the global tea industry operated within a dynamic and evolving environment, shifting consumer preferences, and pronounced regional disparities. Estimates of global tea market revenue for the financial year 2024 varied, ranging from approximately USD 174.2 billion to USD 80.94 billion. However, growth projections remained consistently optimistic, with compound annual growth rates (CAGR) expected between 4.5% and 7.4% over the next five to ten years.

China continued to lead the industry as the largest producer and consumer of tea, while countries such as Turkey, Ireland, and Sri Lanka recorded the highest levels of per capita consumption. Black tea retained its position as the most widely consumed category; however, herbal tea experienced the fastest growth, driven by increasing consumer interest in health and wellness. Industry trends included the expanding demand for ready-to-drink (RTD) tea products, heightened focus on sustainability practices, and ongoing innovation across product lines. While the sector remained a significant contributor to global employment and trade, it also encountered persistent challenges, including climate-related impacts, logistical disruptions, and the need to adapt to rapidly changing consumer expectations.

<div>Health and Wellness</div> <div>Consumers increasingly turned to tea for its perceived health benefits.<ul style="list-style-type: none"><li>■ Green tea gained popularity due to its antioxidant properties.</li><li>■ Herbal teas were favoured for being caffeine-free and supporting stress relief and digestion.</li><li>■ Consumers actively sought teas infused with functional ingredients such as turmeric, ginger, and chamomile, which are known for their wellness-enhancing properties.</li></ul></div>	<div>Ready-to-Drink (RTD) Tea Segment</div> <div>Convenience was a key factor in the continued growth of RTD teas.<ul style="list-style-type: none"><li>■ Busy lifestyles contributed to the growing preference for ready-to-drink tea products.</li><li>■ The RTD category expanded with a broader range of flavours to appeal to diverse consumer tastes.</li><li>■ There was a rise in natural and organic claims, particularly in the North American market.</li><li>■ Herbal RTD teas became increasingly popular among consumers seeking non-caffeinated beverage options.</li></ul></div>
<div>Sustainability and Ethical Sourcing</div> <div>Sustainability emerged as a critical driver in consumer purchasing decisions.<ul style="list-style-type: none"><li>■ There was increasing demand for ethically sourced teas that are grown without harmful chemicals.</li><li>■ Environmentally conscious consumers sought packaging made from sustainable materials.</li><li>■ Many consumers preferred tea brands that offered organic and fair trade-certified options.</li><li>■ Tea companies actively enhanced their sustainability credentials by investing in eco-friendly packaging, including biodegradable and compostable tea bags.</li></ul></div>	<div>Product Innovation and Diversification</div> <div>Innovation in tea products was aligned with both functional benefits and premium experiences.<ul style="list-style-type: none"><li>■ Functional teas formulated to support relaxation, sleep, immunity, and digestion gained significant traction.</li><li>■ Specialty and artisanal teas sourced from specific regions and crafted through meticulous processes attracted tea enthusiasts.</li><li>■ The market for tea-infused products expanded to include snacks, desserts, tea lattes, and sparkling teas, offering consumers novel and enjoyable formats.</li></ul></div>

## Market Outlook & Industry Forecast

The sustained decline in Sri Lanka's tea production over recent years, coupled with the 2024 production deficit in India, has likely resulted in a tightening of global supply for orthodox large leaf teas. This supply constraint may create favourable market conditions for Sri Lankan producers operating within this segment.

Furthermore, the first quarter of the year typically marks a lean cropping period across most producing countries. Coupled with Sri Lanka's western quality season during this time, it is expected that tea prices will remain buoyant throughout the first quarter and potentially into the early part of the second quarter of 2025. Beyond this period, pricing trends will be largely influenced by the global supply and crop performance across major producing regions.

Domestic tea prices will also be impacted by exchange rate dynamics, particularly the parity of the Sri Lankan Rupee against the US Dollar.

In the financial year 2024/25, it is important to consider the ongoing effects of climate change, fluctuations in input costs, the pace of mechanisation, wage dynamics, government policies, and the availability and usage of fertilisers. Taking these into account, Sri Lanka's tea production for the financial year 2024/25 is forecast with cautious optimism at approximately 280 million kgs.

### Sources:

Central Bank of Sri Lanka Annual Report 2024

Forbes and Walker Tea Review 2024

John Keells Tea Review 2024



## STAKEHOLDER REVIEW

GRI 2-29, 30, 207 -3

Creating value across our supply chain and with our stakeholders is a continued commitment and priority for Hatton Plantations PLC. We believe that positive partnerships and honest engagements foster mutual growth and success in the long term. These relationships set the foundation for efficient, productive and sustainable initiatives that strengthen investor confidence and buyer partnerships, empower employees and encourage ethical and responsible business operations.

Hatton Plantations PLC continuously communicate with our stakeholders and consistently strategize our value additions towards each stakeholder.

## STAKEHOLDER ENGAGEMENT & VALUE CREATION



### SHAREHOLDERS/ INVESTORS

These are the investors/ shareholders and they also provide strategic guidance. The Company comprise of 16,258 shareholders and investors and holds a total equity of Rs.5,377.6 million.

8

DECENT WORK AND ECONOMIC GROWTH



12

RESPONSIBLE CONSUMPTION AND PRODUCTION



✓

Timely shareholder disclosure of corporate information

✓

Strategic investments to grow shareholder equity

✓

Regular communication

- Annual meetings
- Annual and quarterly reports
- Other reports



#### Strategic Goal:

Create strategies that generate long-term value that meets shareholder interests.

#### Value Created:

ROI - Dividend payment of **Rs. 236.7** million was paid in total to shareholders and investors

ROE - Return on Equity of **Rs. 739.7** million was maintained

Earnings Per Share of **Rs. 3.13**



## EMPLOYEES

A total of 6,267 employees work at our offices and estates.  
Refer Human Capital report on pages 63 to 72



- ✓ Provide equal, inclusive and safe work environments
- ✓ Performance recognitions and career development opportunities
- ✓ Training & Development
  - Technical, leadership and management skills development
- ✓ Safe and Healthy workplace
  - Health check-ups
  - Medical surveys
- ✓ Customary celebrations for religious and cultural functions
- ✓ Welfare schemes and work-life balance programs



### Strategic Goal:

Empower employees through skills development and knowledge improvement towards enhanced productivity, and business success. Ensure a healthy and happy workplace for employees.

### Value Created:

Salary, wages and other employment benefits of **Rs.3,770.7 million**

Investments in training and development **Rs.21.5 million**

Welfare, Health and benefit schemes of **Rs.81.1 million**



## BROKERS & BUYERS

Brokers and buyers at the Colombo Tea Auction



- ✓ Customer satisfaction level analysis
  - Customer feedback/complaints/ testimonials
- ✓ Awareness on types of teas, tea tasting sessions, information sharing material
- ✓ Compliance with international certifications, guidelines and best practices
- ✓ Ethical and sustainable agriculture
- ✓ Product transparency
- ✓ Offer accurate product details to the customer: product composition, net weight, gross weight, serial number of the package, company name



### Strategic Goal:

Reinforce the confidence of brokers and buyers by providing the finest quality teas produced ethically and sustainably

### Value Created:

**12** high quality tea marks

Highest tea volume sales producer of **6.6 million Kg**

Product quality compliance with global benchmarks

Investment in broker and buyer awareness and education **Rs.2.5**

Customer satisfaction level of **95%**



## SUPPLIERS

Leaf suppliers, raw material, equipment, external services, and other logistics and machinery suppliers and service providers



- ✓ Fair value
- ✓ Open communication
  - Policies and certifications
  - Quality of products
- ✓ Sharing of procurement processes, industry codes and standards
- ✓ Ethical sourcing
- ✓ Training
  - Personal safety protocols
  - Crop development knowledge



### Strategic Goal:

Foster collaborative partnerships with suppliers to reinforce a reliable supply chain.

### Value Created:

**6.8 million kg** of production

Tea leaf purchases

**Rs.2,911.5** million value of material and services obtained from service providers

Training on ethical and global best practices



## ESTATE COMMUNITY

Close engagements are maintained with the estate community through multiple activities



- ✓ Women empowerment through female supervisor initiative
- ✓ Providing equal opportunities for career growth
- ✓ Estate children education support
- ✓ Welfare projects in estate community
- ✓ Infrastructure development in estate living areas
- ✓ Environment conservation
- ✓ Health and wellbeing programs



### Strategic Goal:

Create a work ethic and culture that is built on mutual trust and strong relationships that uplift their quality of life whilst ensuring business success

### Value Created:

**Rs.3.9 million** investment in community infrastructure development

**Rs.165.7 million** spent in community welfare and health programs

**Rs.3,770.7 million** in wages, salaries, and other employment benefits

Training and career growth opportunities for community population





## TRADE UNIONS

Estate workers unions are an important stakeholder with whom we engage



- ✓ Maintain a positive relationship through discussions on concerns as and when needed.
- ✓ Provide opportunities to voice worker needs and concerns



### Strategic Goal:

Build and foster healthy relationships that are mutually beneficial as well as supportive of industry best growth

### Value Created:

Support activities proposed by trade union  
Increased daily wages to **Rs.1,350/=**  
Regular meetings with trade union representatives



## GOVERNMENT ORGANIZATIONS

Multiple state institutions that partner and engage across operations and management



- ✓ Comply with government regulations in environmental, financial, people management and all other areas of engagement
- ✓ Contribute towards revenue generation for the state through timely tax and other payments



### Strategic Goal:

Build confidence, trust, and supportive partnerships that benefit the industry and its growth

### Value Created:

**Rs.193.3 million** tax and other payments to the state  
**Rs. 7,588.0 million** tea sales revenue generated  
Investments in tea industry growth **Rs. 346.6 million**  
**Rs.3,770.7 million** spent on estate sector wages and infrastructure development

## FINANCIAL CAPITAL

GRI 201-1, 2, 203-2, 403-7



### HIGHLIGHTS

#### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

##### Decent Work and Economic Growth



- ✓ Contribution to national economy  
**Rs.193.3 million** in taxes and government lease interest
- ✓ Direct and indirect employment opportunities provided to approximately  
**7,500 persons**
- ✓ Salary and wages paid  
**Rs. 3,770.7 million**

##### Industry Innovation and Infrastructure



- ✓ Investment in expansion and growth  
**Rs. 696.9 million**
- ✓ Investments in technology infrastructure  
**Rs. 29.0 million**
- ✓ Support and maintenance of estate infrastructure

Financial Capital is a reflection of the company's overall performance, profitability, growth and financial stability. It provides the management and shareholders with an understanding of how the strategies and efforts during the year impacted the company's overall profitability. Therefore, financial capital is a key contributor towards the company's financial and strategic planning initiatives.

Hatton Plantations PLC maintained a stable financial capital during the year, underpinned by robust working capital management and a focused resource optimization strategy that contributed positively to overall financial performance. Nevertheless, the year was marked by unforeseen challenges, including the imposition of higher income tax on the agriculture sector and mandated increases in minimum wages for estate and private sector employees, which exerted pressure on profitability. Despite these trials, HPL showcased resilience, strategic foresight, and sound financial stewardship, enabling the company to conclude the financial year on a positive note.

## Revenue

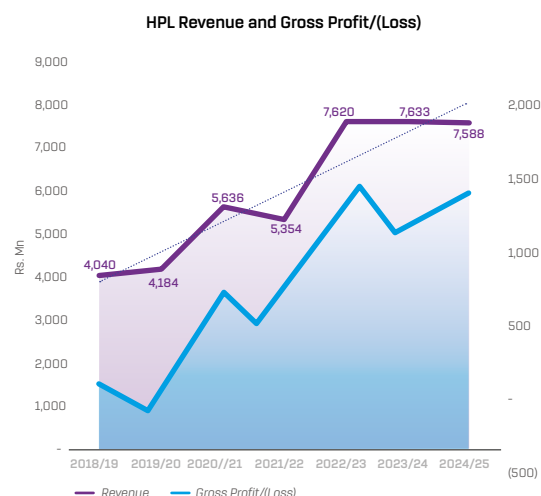
During the financial year under review, Hatton Plantations PLC recorded a revenue of Rs. 7,588.0 million, a marginal decline from the previous year's Rs. 7,633.2 million. This slight dip was primarily due to lower tea volumes resulting from adverse weather conditions.

As a plantation company, sustaining positive revenue growth is closely tied to the volume of tea produced across our estates and its consistent availability for sale at the Colombo Tea Auction. Hatton Plantations' annual tea volumes reduced from 7.2 million kg in 2023/24 to 6.8 million kg in the year on account of unpredictable and harsh weather conditions.

However, Hatton Plantation teas achieved an improved NSA (net sales average) of Rs.1,085.81 in 2024/25 financial year, 11 % higher over NSA of Rs.976.06 per kg in 2023/24 which contributed to achieving a higher turnover for the lower volumes harvested. This can be attributed to HPL's persistent efforts to improve the quality of our teas, which was in high demand and sought elevated prices at the tea auction.

Despite these challenges, the Company's revenue has remained resilient over the past three financial years, reflecting strong performance in a volatile and demanding operating environment.

HPL remains unfazed by the insignificant decline in revenue, which was anticipated. Historical performance in the last 7 years reflect a strong and consistent growth trajectory, driven by strict financial and operational discipline, along with targeted initiatives to enhance estate efficiency.



## Financial Performance

		2024/25	2023/24	%
Revenue	Rs. Mn	7,588.0	7,633.2	-0.6
Gross Profit	Rs. Mn	1,139.4	1,103.6	3.2
Profit Before Tax	Rs. Mn	1,037.5	1,159.1	-10.5
Profit After Tax	Rs. Mn	739.7	1,010.2	-26.8

## Revenue by Type of Tea - Rs. – Mn

	2024/25	2023/24	2022/23	2021/22
Black tea	7,173.2	7,204.7	7,443.0	5,275.1
Green tea	227.4	190.7	Nil	Nil
Other teas	187.4	237.9	154.5	54.0



## Profitability

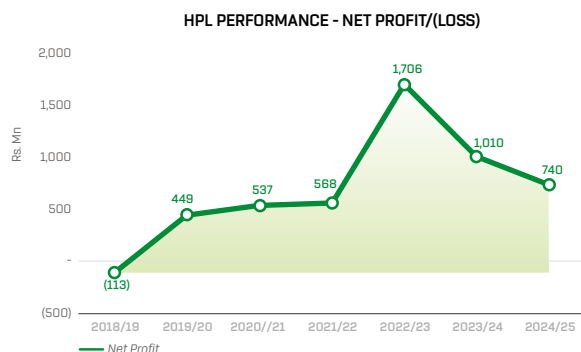
Hatton Plantations PLC reported a significant increase of Rs.35.8 million in gross profit for the year, reporting GP at Rs. 1,139.4 million vis a vis Rs.1,103.6 million last year. The Company maintained cost of sales at 2023/24 levels despite higher sales expenses through tight controls and streamlined processes. However, higher income taxes, increased salaries and wages, raised operating expenses and impacted overall profitability of the Company.

**The surge in income tax for agriculture sector** - The government announced an income tax increase from 15% to 30% for the agriculture sector during the year.

**Unanticipated wage and salary increase in estate sector** - Minimum wages for estate sector workers was increased from Rs.1,000 to Rs.1,350 per day with effect from October 2024.

Further, escalation in energy prices in the year impacted the overall cost of production, in turn impacting this year's profits.

As a result, HPL's profit before tax declined 10.5% at Rs.1,037.5 million in the year in review, as against Rs.1,159.1 million last year. Similarly, the heavy tax burden affected the company's net profit recording 26.8% variance at Rs.739.7 million as compared with net profits reported of Rs.1,010.2 in 2023/24 financial year.



Notwithstanding the challenges, the Company implemented numerous activities in an attempt to manage tribulations impacting the company's performance. These strategies include centralizing procurement across all estates, automating estate functions to improve efficiency and reducing wastage, optimizing low crop quarters to prepare soil for favorable seasons, improved capital management and strategic investments. The Company also placed emphasis on rationalization and efficiency improvements of expenses to mitigate the impact of cost pressures.

## Finance Income and Expenditure

Central Bank reported that market interest rates continued the downward momentum in 2024 driven by accommodative monetary policy implemented by CBSL. Since 2023, total policy rate reduction amounted to 775 bps with approximately 124 bps of this reduction in 2024. Adjustments in the market interest rates were more pronounced in first half of 2024, with both lending and deposit rates adjusting further towards end of 2024. The Bank stated that the weighted average new fixed deposit rate declined by 4.5-4.8 bps during 2024. In turn, HPL's interest income declined during the year from Rs.124.0 million in 2023/24 to Rs.109.5 million in 2024/25.

HPL strategically managed finance income and expenditure ensuring a zero debt and minimum borrowing policy. Finance income decreased by 11.7% while finance expense decreased by 62.6%. Although cost of borrowing has come down significantly through Central Bank interventions to control interest rates on lending/borrowing, the Company continued to manage finance costs significantly during the year through self-financing strategies.

## Cash Flow and Liquidity Position

Hatton Plantations PLC sustained strong working capital management throughout the 2024/25 financial year, remaining resilient in the face of prevailing macroeconomic

pressures. This prudent financial approach significantly strengthened the company's cash flow during the year. These efforts were further supported by strategic treasury management, which ensured adequate fund availability through carefully planned and well-executed investments.

Short term investments in financial assets for the year almost doubled this year at Rs.1,113.1 million from Rs.600.5 million in 2023/24. This was a notable improvement creating a sufficient buffer for the company's planned capital investments and growth. Cash and cash equivalents remained strong with a marginal increase at Rs.482.7 million. Total current assets increased considerably to Rs.2,439.8 million during the year from Rs. 1,940.3 million last year.

Maintaining a robust liquidity position is crucial for sustaining financial health and supporting future growth initiatives. The company's liquidity position remained encouraging with current liabilities recording a positive ratio against current assets. Current liabilities was at Rs.1,077.5 million vis a vis total current assets of Rs.2,439.8 million, demonstrating a favorable current ratio of 2.3 times, signaling the company's financial stability and operational efficiency.

In achieving strong cash flow and liquidity, the management implemented firm measures in cash flow management that included efficient inventory management ensuring apt stock movement; optimization of supplier credit and timely recovery; minimizing borrowing; and promoting feasible investment of funds.

## Return on Capital Employed (ROCE)/ Return on Equity (ROE)

The Company's Return on Capital Employed lowered to 19.3% from 24.1% last year as profits for the year decreased. Return on Equity also lowered to 13.8% in 2024/25 as prices in the tea market fluctuated impacting sale value of HPL teas, increase in input prices and wages and increase in Taxes.

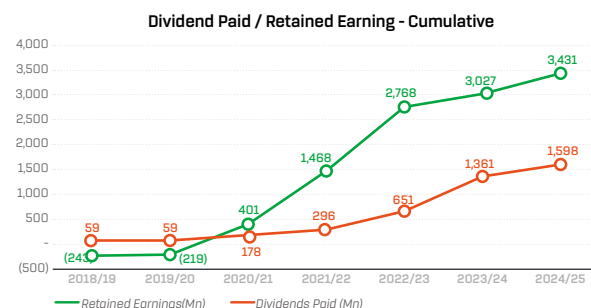
## Asset Base and Funding Profile

The Company's total assets increased 10.7% to Rs.8,380.9 million from Rs. 7,568.5 million last year, as the company invested in advanced machinery, field development, and expanded crop diversification. The Company's investments in crop development amounted to Rs.168.5 million for tea and Rs. 63.8 for coffee. Assets were used more efficiently during the year and were optimized towards activities enhancing the income generation potential of the company. The total asset turnover ratio slightly declined to 0.95 times during the current year vis a vis 1.04 last year.

Item	2024/25 Rs. Million	2023/24 Rs. Million	% Increase/ (decrease)
Property, Plant, and Equipment	1,086.8	1,105.4	-1.7%
Biological Assets – Bearer Plants	1,567.8	1,360.0	15.3%
Biological Assets - Consumable	2,300.4	2,250.5	2.2%
Inventories	608.1	631.7	-3.7%
Short Term Investments	1,113.1	600.5	85.4%
Cash and Cash Equivalents	482.8	447.3	7.9%

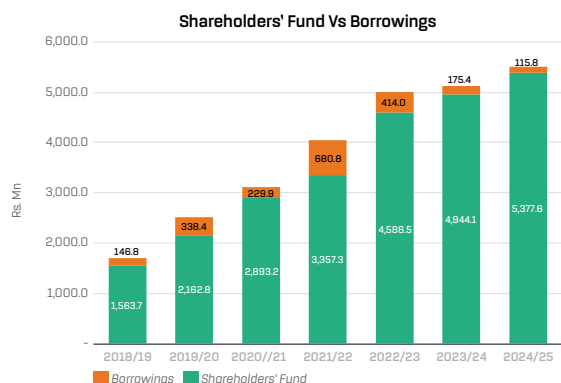
## Shareholders' Funds

Shareholders' funds as at the end of March 2025 increased by 8.8% to Rs.5,377.6 million compared with Rs. 4,944.1 million in 2023/24. The debt to equity ratio as at 31 March 2025, stood at 4.2% compared to 3.5% last year.



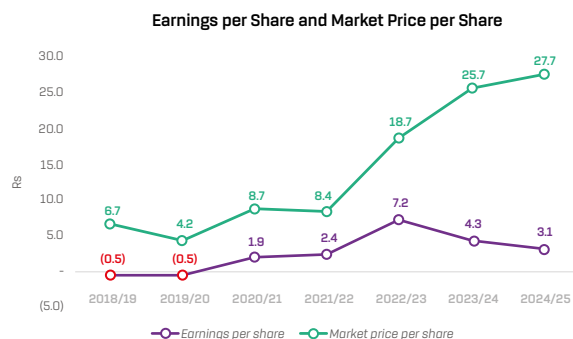
## Funding profile

Year	Shareholders' Fund (Rs. million)	Borrowings (Rs. million)
2019	1,563.7	146.8
2020	2,162.8	338.4
2021	2,893.2	229.9
2022	3,357.3	680.8
2023	4,586.5	414.0
2024	4,944.1	175.4
2025	5,377.6	115.8



## Earnings Per Share (EPS), Dividend Per Share (DPS) and Market Price per Share

The Company paid an Interim Dividend of LKR 1/- per share amounting to Rs.236.7 million during Q4 of 2024/25 financial year. Earnings per share decreased by 26.7% to Rs. 3.13 per share, from Rs.4.27 last year.



## Investments

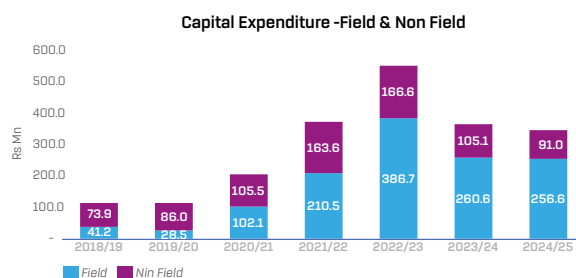
During the year, the company invested heavily in replacing outdated estate machinery with more advanced and efficient ones. This was the major capital expenditure in non-field investments during the year at Rs.20.2 million, followed by upgrades to equipment purchases of Rs.27.6 million. Both investments aimed at improving the productivity and efficiency of the manufacturing process.

Supporting the digital transformation of the estates and the head office premises, HPL non-field investments also focused on IT infrastructure, hardware and software, IT training for field and off-field staff in keeping with the company's direction of greater technology integration.

HPL continued to invest in crop development in the year, increasing investments in coffee cultivation and coffee nursery at Rs. 63.8 million and 3.2 million respectively. However, the major field investments were in tea and tea nursery at Rs.168.5 million and Rs.9.7 million respectively.

## Key Investments

Year	2025	2024	2023	2022	2021
Field (Rs. million)	256.6	260.6	386.7	210.5	102.1
Non- field (Rs. million)	91.0	105.1	166.6	163.6	105.5



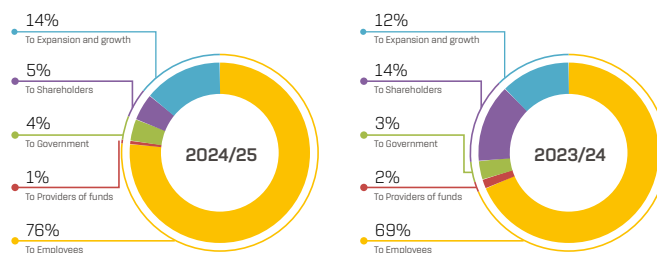


## STRATEGIC VALUE CREATION

Hatton Plantations PLC is committed to delivering sustainable, long-term value to all our stakeholders—customers, employees, shareholders, suppliers, communities, and the environment. In an increasingly interconnected and dynamic business environment, we recognize that our success is deeply tied to the prosperity of those around us.

We continuously assess and adapt our strategies to respond to changing market dynamics, evolving stakeholder expectations, and emerging global trends. Our goal is to create sustainable competitive advantages that drive growth, resilience, and long-term value for all stakeholders.

This section highlights how our strategic priorities, innovation, operational efficiency, customer focus, and responsible leadership are aligned to create value to our key stakeholders.



Rs'000	GROUP				COMPANY			
	2024/25	%	2023/24	%	2024/25	%	2023/24	%
Revenue	7,709,932		7,724,871		7,587,967		7,633,209	
Other income	143,693		120,578		198,266		183,889	
Gain on change in fair value of biological assets	51,893		187,314		51,893		187,314	
	<b>7,905,518</b>		<b>8,032,763</b>		<b>7,838,126</b>		<b>8,004,412</b>	
Cost of materials and services obtained	(2,975,280)		(3,055,018)		(2,911,519)		(2,930,447)	
<b>Value Addition</b>	<b>4,930,238</b>		<b>4,977,745</b>		<b>4,926,607</b>		<b>5,073,965</b>	

### Value allocated to:

#### To Employees

Salaries,wages and other benefits	3,790,180	77%	3,493,536	70%	3,770,667	77%	3,477,508	69%
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#### To Providers of funds

Interest to money lenders	29,119	1%	83,801	2%	29,119	1%	83,801	2%
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#### To Government

JEDB/SLSPC Lease rental	98,382		83,885		98,382		83,885	
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Tax Paid	116,122		96,996		94,924		86,149	
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	<b>214,504</b>	<b>4%</b>	<b>180,881</b>	<b>4%</b>	<b>193,306</b>	<b>4%</b>	<b>170,034</b>	<b>4%</b>
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#### To providers of capital

Dividend paid to shareholders	236,667	5%	713,600	14%	236,667	5%	710,000	14%
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#### To Expansion and growth

Profit retained	379,578		148,906		433,431		357,674	
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Depreciation & ammortization	199,419		188,569		175,168		164,307	
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Deferred Taxation	80,771		168,452		88,249		110,641	
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	<b>659,768</b>	<b>13%</b>	<b>505,927</b>	<b>10%</b>	<b>696,848</b>	<b>14%</b>	<b>632,622</b>	<b>12%</b>
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	<b>4,930,238</b>		<b>4,977,745</b>		<b>4,926,607</b>		<b>5,073,965</b>	
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To Employees	3,790,180	77%	3,493,536	70%	3,770,667	77%	3,477,508	69%
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To Providers of funds	29,119	1%	83,801	2%	29,119	1%	83,801	2%
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To Government	214,504	4%	180,881	4%	193,306	4%	170,034	3%
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To Shareholders	236,667	5%	713,600	14%	236,667	5%	710,000	14%
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To Expansion and growth	659,768	13%	505,927	10%	696,848	14%	632,622	12%
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	<b>4,930,238</b>		<b>4,977,745</b>		<b>4,926,607</b>		<b>5,073,965</b>	
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## MANUFACTURED CAPITAL

GRI 203-1, 204



### HIGHLIGHTS

#### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

##### Industry, Innovation & Infrastructure



- ✓ Production of **6.8 million kgs**
- ✓ Property, plant and equipment value of **Rs. 1,086.8 million**
- ✓ Investment capital (CAPEX) of **Rs.346.6 million**
- ✓ Investment in machinery and equipment by **Rs. 477 million**
- ✓ Innovative measure in technology use and machinery enhancements
- ✓ Increase in productivity by **10%**

##### Responsible Consumption & Production



- ✓ Compliance with Rainforest Alliance and other industry and government standards
- ✓ **40.16 hectare** of replanting of tea, coffee, timber
- ✓ Implementing tea production standards across process
- ✓ Procurement of quality fertilizers
- ✓ Transparency – Product Labelling Standards
- ✓ Ensuring conservation and protection of plantation assets
- ✓ Energy efficiency improvement in reducing carbon footprint

Manufactured Capital consists of cultivated tea land, equipment and other physical assets that are held by the company. These include the manufacturing plants, estates, machinery, tools, equipment, vehicles, inventory and warehouses, infrastructure and all other tangible fixed assets. The Company continuously invests in physical assets and logistics facilities to enhance production capacity and to ensure safe and reliable operations. Upgrading the Company's technology, infrastructure and equipment is of paramount importance to deliver quality products to customers.

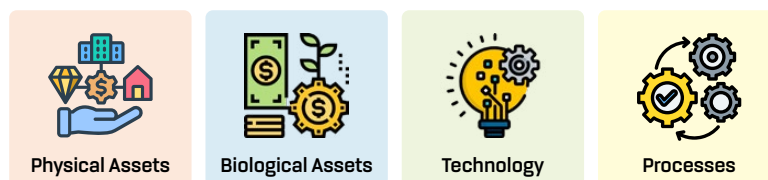
During the year, Hatton Plantations PLC channelled its manufacturing capital towards comprehensive improvements in products, premises, and processes, with the aim of enhancing efficiency, quality, and productivity across its operations. Key initiatives include the upgrading of factories, machinery, equipment, and supporting infrastructure. The Company also prioritised quality enhancement through strengthened monitoring and support mechanisms, while driving production advancements through the adoption of cutting-edge technologies.

Adverse weather conditions during the year caused delays in the planned estate, building, and infrastructure upgrades and also impacted tea manufacturing activities. However, despite these challenges, Hatton Plantations PLC sustained a strong production performance, marking the highest volume of tea sold at the Colombo Tea Auction for the fifth consecutive year.

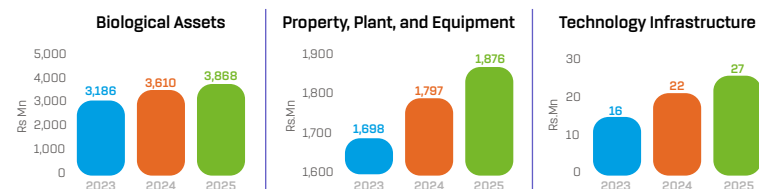
The Company's total investment in estate development amounted to Rs. 346.6 million. In addition to improvements in production facilities and infrastructure, HPL intensified its replanting and soil management initiatives to strengthen the long-term sustainability of the plantations. During the year, the Company produced 6.8 million kg of tea and achieved a higher net sales average of Rs. 1,085.81 per kg, compared to Rs. 976.06 per kg in the last year.

## Manufactured Assets Profile

Hatton Plantations' asset profile includes:

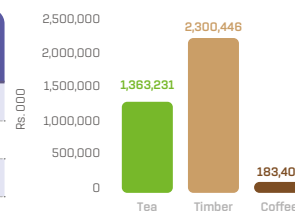


Asset Type (by Value)	2024/25 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000
Biological Assets	3,868,252	3,610,484	3,185,873
Physical Assets	1,876,132	1,796,881	1,698,165
Technology Infrastructure	26,749	22,266	15,962
<b>Total</b>	<b>5,771,133</b>	<b>5,429,631</b>	<b>4,900,000</b>



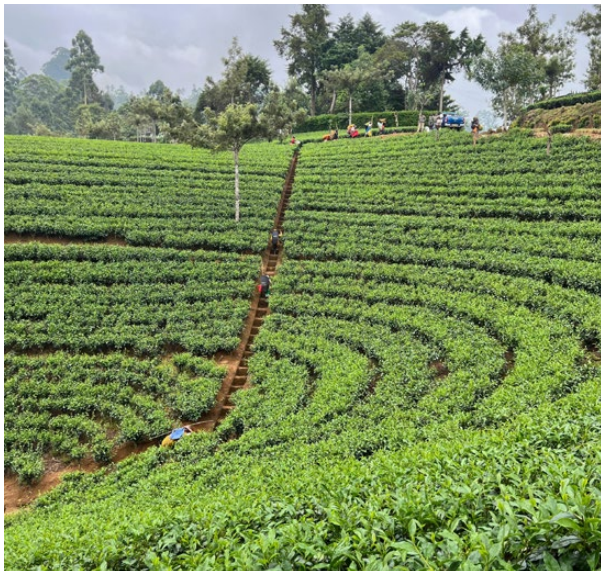
**Our biological assets** - primarily the cultivated crops-represent the company's most critical and valuable resource. While tea continues to be the principal crop of Hatton Plantations PLC, our recent diversification efforts into timber and coffee cultivation matured and expanded in the year. This year, HPL added 11 hectares of timber planting and plan to expand existing coffee cultivation to 500 hectares adding significantly to the biological asset composition. The first coffee cultivation was harvest during the year with a crop of 2,132 kg. These new ventures are currently in their early stages and will require several more years to reach maturity and produce commercially viable yields.

Asset Type		Extent (Ha)	Net Carrying value Rs. '000
Crops	Tea	3,501.7	1,363,231
	Timber	883.3	2,300,446
	Coffee	89.7	183,407





During the year, erratic weather conditions impacted most of the cultivated plantations. Both drought and heavy rains impacted the crop quality and soil conditions. However, HPL took measures to minimise the impact on the crops by engaging in several reinforcement initiatives. The Company spent Rs.1,179.7 million on field work and cultivation including fertilizer, land preparation, overall soil and plantation management. HPL's total capital expenditure in biological asset development for the year was 256.6 million for all crop types.



*Tea field maintenance*

### Fertilizer and Spraying

The Company has managed to improve the fertilizer and spraying process, enabling crops to obtain nutrition and chemicals on time. Despite bad weather, the Company has maintained regular fertilizer and spraying by relying on technology to overcome challenges. During the year, due to heavy moisture caused by excessive rains, tea developed blister blight, a fungus impacting tea plants. This had to be addressed immediately for which technology was used to spray needed plant medication. This has impacted the plants improve the quality of plants and address diseases impacting the plants.

### Soil reinforcement

Continuous composting efforts were made during the year to ensure that the soil remained fertile and suitable for quality tea growth. In addition, several soil management initiatives were implemented during the year including terrace and drainage construction, and rainwater harvesting to lower the risk of soil erosion.

### Extended mechanized tea plucking

Mechanized tea plucking which was introduced as a pilot project last year, was extended to all estates during the year. This helped in continuing plucking during low estate worker turnout. Mechanized tea plucking helped to improve tea volumes during the year despite heavy rains.

### Coffee and Tea Nurseries

In an ongoing effort to manage crops and ensure plant availability for replanting, HPL invested during the year invested Rs.21.1 million in growing the tea nursery and Rs.3.2 million in coffee nursery.



*Coffee Nursery*



*Tea Nursery*

	Unit	2024/25	2023/24
Total Cultivated Land	Ha.	4,776.6	5,148.9
Tea Land	Ha.	3,501.7	3,838.4
Tea Estate Development	Rs. Mn	168.5	364.1
Investment In Compost	Rs. Mn	93.0	12.5
Coffee Land (new plantation)	Ha.	89.66	66.5
Coffee Cultivation Development	Rs. Mn	63.8	24.6
Timber land	Ha	883.32	751.58
Timber Development	Rs.Mn	7.4	11.0

## Tea performance

(Production volumes kg)

	2024/25	2023/24	2022/23
Black tea	6,558,524	6,965,337	5,936,768
Green tea	211,655	223,730	169,316
Other teas - RT	938,791	1,057,929	902,086

## Production in kg

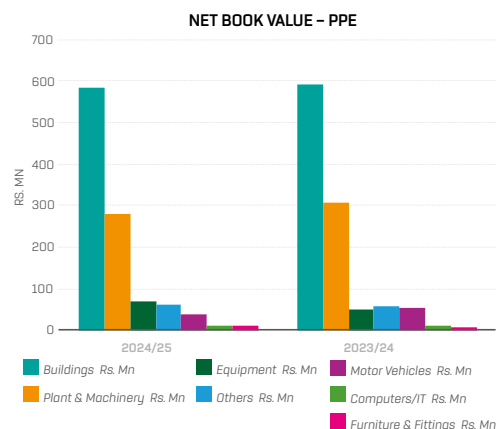
Tea Region	Watawala	Lindula	Hatton
2024/25	1,308,967	1,977,824	3,483,388

## Physical Assets

During the year, Hatton Plantations PLC embarked on a large scale physical asset development and rehabilitation across all estates. Upgrading factory buildings, infrastructure, machinery, some of which are over a hundred years old. The maintenance of these physical assets are crucial in the seamless operation of the business as they make a significant contribution towards the efficiency, productivity of the manufacturing process and in turn towards the overall quality and efficiency of the estates.

HPL's total investments in the year on machinery amounted to Rs.20.2 million, Rs.276 million for equipment, and Rs.20.4 million for infrastructure and building development.

		2024/25	2023/24	% Change
<b>Net Book Value - PPE</b>				
Buildings	Rs. Mn	584.9	590.1	-0.9%
Motor Vehicles	Rs. Mn	37.5	51.8	-27.6%
Plant & Machinery	Rs. Mn	279.2	306.4	-8.9%
Equipment	Rs. Mn	68.5	50.7	35.1%
Computers/IT	Rs. Mn	10.2	10.5	-2.9%
Furniture & Fittings	Rs. Mn	8.7	7.2	20.8%
Others	Rs. Mn	60.6	58.7	3.2%



Some of the key initiatives during the year include:

#### Factory building rehabilitation

The company repaired and upgraded the factory buildings in Abbotstleigh, Shannon and Stathdon including refurbishment of the roofs, floors and the building structure. Work on Kenilworth commenced during the year and is currently ongoing. This initiative has hugely improved the quality of the teas as well as the efficiency and resource use of the estates. Earlier, due to damages in the factory structures, the factories were exposed to multiple contaminants, which required manual attending on a daily basis. Due to the complete renovation of the buildings, time and effort has been saved and quality of the tea has improved significantly.

#### Replacement of machinery and equipment

In our effort to upgrade the estates, HPL replaced boilers, motors and other outdated and inefficient machinery in all the estates. Brand new boiler was installed at Strathdon estate, while new gear boxes and motors were placed in all the factories. This helped improve the efficiency of the machinery as well as of the manufacturing process. It improved the energy efficiency as well.

#### Installation of CTC lines

New CTC lines were installed at Strathdon and Abbotstleigh estates. The existing CTC lines were more than 15 years in use and represented outdated technology. The new digital lines proved more energy efficient, and has helped enhance productivity in the lines. They have also made redundant the former manual processes and manual monitoring. The new lines have in-built automated servicing of the line through digital monitoring of the process. The new line has enhanced CTC tea production and is expected to reflect in volume improvement in the coming year with an anticipated improvement in capacity of approximately 20 percent.

### Technology Infrastructure

In the last two years, Hatton Plantations PLC has introduced and integrated several technology initiatives aimed at addressing on field challenges and productivity improvements. This technology drive continued during the year with HPL expanding to integrate drone technology, remote monitoring and AI inclusions. These investments provide greater efficiency, accuracy of processes and helped overcome concerns arising out of external pressures and factors that impacted manufacturing facilities.

During the year under review, the company invested a total of Rs.29.0 million in technology improvements.

Some of the key technology infusions included:

#### Automation of factory processes

Using advanced technology and digital machinery, the estates' manufacturing processes have been successfully automated. The advanced technology introduced has the capacity to self-maintain and service and improve energy efficiency. This has added to the factories' overall efficiency and minimised labour requirement.

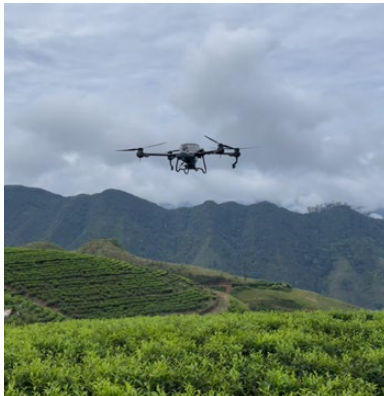


Automation  
of fired tea  
weighing at  
Waltrim Estate



### Drone supported fertilizer and spraying

The Company obtained drone technology to spray fertilizer and chemicals needed for plants nutrition as well securing the crop from natural harm. Drones are used in all estates for spraying of folio fertiliser and normal fertiliser. This has immensely helped in managing the impact on plant nutrition and health due to labour shortage.



*Fertilizer spraying by drone*

### Remote monitoring

HPL has invested in remote monitoring of the factory processes through CCTV and related software instalment creating workspaces that are more efficient and factory floors that are less contaminated. The remote monitoring system use CCTV technology and is expected to expand to allow monitoring through head office premises in Colombo to centralize monitoring of all estates from a single location.

### Digital weighing

The digital weighing systems introduced last year was extended to most estates during the year under review, allowing batch weighing of tea in an efficient and accurate manner. The manual process of grading tea and then weighing has been replaced with the new weighing scales which have helped automate the process. Pluckers, tea small holders and other tea sellers can as a result obtain accurate volumes information.



*Digital weighing and data capturing*

### Process Improvements

Supplementing the overall efforts of the company to enhance manufacturing and improve quality and efficiency, several process improvements were also made during the year. These include:

### Supply chain

To enhance the efficiency of the supply chain and procurement processes, Hatton Plantations PLC established a central warehouse in Hatton to manage all procurement and inventory operations. This move replaced the previous decentralized system of estate-level procurements, which often led to delays and increased costs. Centralising procurement has enabled the company to negotiate better pricing, benefit from bulk purchasing, and streamline the sourcing of goods and services. The warehouse now maintains essential supplies—including spare parts, fertilizers, and other estate requirements—under one roof, allowing for faster deployment across all estates and significantly reducing delays previously caused by fragmented procurement procedures.



*Centralized warehousing*

### Efficient Delivery

The Company transitioned away from relying on rented lorries for the transportation of green leaf and manufactured tea, which had previously led to delays and uncertainties due to external dependencies. During the year, HPL invested in the purchase of two dedicated lorries for estate transportation and undertook repairs of non-functional company-owned vehicles within its factories. This strategic move has eliminated the reliance on external transport services and significantly enhanced the efficiency and reliability of logistics and transport operations across the estates.

### Monitoring and Supervision

This year, the company established a dedicated cross-functional team to regularly monitor estate operations with the aim of enhancing the quality, marketability, and productivity of HPL teas. Comprising members from key divisions—including manufacturing, marketing, audit, management, and finance—the team conducts monthly visits to each estate to evaluate performance and provide actionable recommendations. This initiative has played a pivotal role in aligning HPL teas with buyer preferences and market trends, while also supporting cost management and driving productivity improvements.

### Quality improvement

During the year, HPL launched a quality enhancement drive by benchmarking its teas against higher-value, premium-quality teas from other plantations. As part of this initiative, a comprehensive "field-to-factory" quality improvement programme was introduced to ensure continuous monitoring and evaluation at every stage of the production process. This proactive approach focused on implementing corrective actions at each step-instead of waiting until the end of production-thereby driving consistent improvements in the overall quality of HPL teas.

### Support Team

The estate support team was strengthened through the recruitment of qualified engineers capable of promptly addressing repairs and machinery breakdowns. Previously, disruptions in the manufacturing process due to equipment failures required waiting for external service providers, leading to delays and compromising tea quality. With in-house engineering expertise, estates have seen a significant improvement in operational efficiency. This in turn has helped effectively maintain the consistency and quality of tea during the manufacturing process.

## HUMAN CAPITAL

GRI 2-7, 8, 20, 23, 24, 201-3, 202, 205-2, 401-404



### HIGHLIGHTS

#### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

##### No Poverty



- ✓ Direct Employment provided for **6,267 nos**
- ✓ New recruits **80 nos**

##### Good Health & Well-Being



- ✓ Special Policy for Health & Safety
- ✓ Provision of healthy and safe cooking stoves to **2114 estate** community
- ✓ Allocation for employee health and welfare improvement **Rs.165.7 million**
- ✓ Implementation of staff welfare activities
- ✓ Provision of community support to estate workers
- ✓ Comprehensive health and insurance policy for staff

##### Quality Education



- ✓ Employee Trainings and development - **240,000 hrs**
- ✓ Technology education

##### Gender Equality



- ✓ Employee Gender Balance **46 : 54** (include male to female ratio)
- ✓ During the reporting period, there were no incidents of discrimination reported
- ✓ Gender champion program on creating gender sensitivity
- ✓ Female estate supervisor program recruitments doubled during the year

##### Decent Work & Economic Growth



- ✓ Employee retention rate - **95%**
- ✓ Annual performance based recognition and promotions

##### Reduced Inequalities



- ✓ Maintain Equal and Fair HR and Recruitment policies across employment grades
- ✓ Providing opportunities for estate youth career opportunities in the company

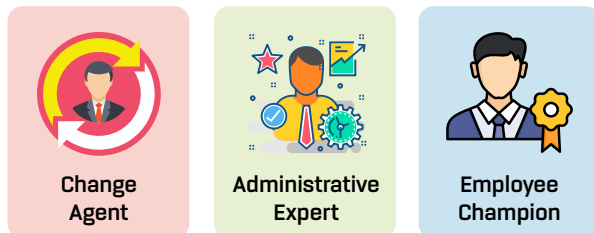
Human Capital is recognized as the most vital and valuable resource within our organization and includes all levels of staff, management, estate workers and others. This foundation is crucial to the effectiveness of all other resources, including financial, physical, and informational. Without a strong, well-developed human capital base, other assets cannot function to their full potential. Hatton Plantation PLC's organizational structure is designed to ensure employee and worker growth and well-being



Despite operating in a persistently challenging environment marked by acute labor shortages, adverse weather conditions affecting worker attendance, and rising wage costs, the Company made notable progress in optimizing its human capital base. HPL remained steadfast in our commitment to capacity development and engagement through targeted training programs to upskill employees, deployment of digital tools to enhance estate level efficiency, and efforts to improve worker empowerment and welfare. These strategic actions not only mitigated workforce-related challenges but also laid a strong foundation for a more resilient, agile, and future-ready workforce across our plantation operations.

Hatton Plantations PLC's continued priority for strategic growth of our human capital, was closely aligned with the Company's broader development objectives and overall growth trajectory. Our approach was anchored on three key pillars: HR as a Change Agent, HR as an Administrative Expert, and HR as an Employee Champion. These pillars guided our efforts in transforming HR into a proactive driver of organizational performance and resilience.

## Strategic HR Pillars



### HR as a Change Agent

The Company's Human Resources division served as a key change agent, championing strategic integration and enabling a seamless transition towards digitization and automation across both corporate and estate operations. The shift from manual to fully automated systems necessitated not only a change in processes but also a

transformation in mindset and capabilities at all levels.

To support this transition and reduce reliance on manual operations, the HR division implemented a range of targeted initiatives, including on-field and off-field training programs, continuous support mechanisms, and capacity-building efforts. These measures were instrumental in ensuring the successful integration of new technologies into plantation operations with minimal disruption.

### HR as an Administrative Expert

As a core function, the Human Resources division remained integral to managing the Company's human capital, aligning workforce planning, skills development, recognition, and career progression within the overall corporate strategy and growth objectives. During the year under review, human capital management was further strengthened through the integration of ERP systems and advanced technology, enabling efficient monitoring of HR activities across both field and non-field operations. The availability of real-time data significantly enhanced the HR division's ability to identify gaps and respond promptly with targeted solutions, thereby improving overall workforce efficiency and operational effectiveness.

### HR as an Employee Champion

As a plantation company with a diverse and multicultural workforce, Hatton Plantations PLC's Human Resources division positioned itself as an employee champion by initiating a range of employee relationship management, support, welfare, and recognition programs. A key focus of the Company's human capital strategy was to strengthen labor relations, enhance crisis response capabilities, and proactively address workforce concerns. These efforts were underpinned by a strong commitment to fostering a safe, healthy, and inclusive work environment, guided by sustainable practices and robust governance standards across the organization.

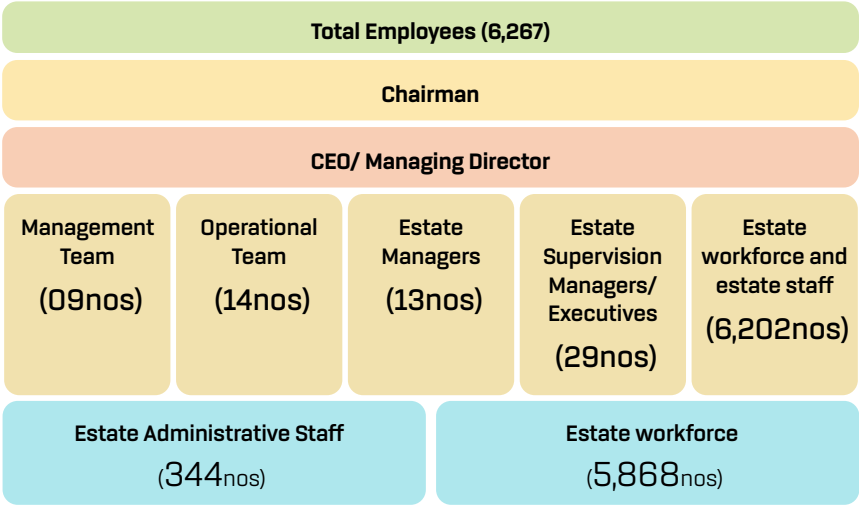
Our Human Resource

Hatton Plantations PLC's workforce remains the foundation of operational success and therefore place a strong emphasis on maintaining a well-structured, stable, and engaged workforce. Our 6,267 employee base consists predominantly of field and estate workers, supported by a dedicated cadre of supervisory staff, technical personnel, and management professionals who ensure operational efficiency across our geographically dispersed estates. Our human resource has a strong gender balance with a significant female worker base and has a male to female ratio of **46 : 54**.

During the year under review, the human resources division remained focused on workforce planning, employee profiling, and organizational alignment to meet the evolving needs of the business.

The Company continue to evaluate its workforce structure to ensure optimal deployment across estates, factoring in skill levels, experience, and productivity benchmarks. Efforts were also directed towards building a more inclusive and gender-diverse workforce, particularly within estate management and supervisory roles.

Human Capital Profile



Leadership

The Company's leadership remains committed to fostering a culture of growth, inclusion, and capacity building across all levels of the workforce. Our human resource approach is anchored in leadership-driven talent development, consistent up skilling, and a strong emphasis on employee engagement and empowerment. These pillars have enabled the company to navigate industry challenges effectively, sustain high levels of workforce morale, and build a resilient, performance-oriented team that continues to drive the company's long-term success.

Level	Title	Focus
Top-Level	Chairman, CEO/ Managing Director, Deputy CEO	Leadership, Strategic Direction
Regional Level	COO, Regional GM, Estate Managers	Operational Management, Execution
Departmental Levels	Subordinates, SBS	Specific Business Unit Performance

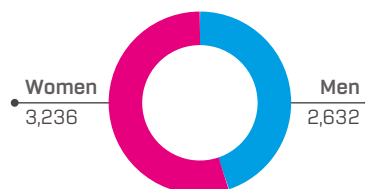
## Estate Workforce Profile (as at 31.03.2025)

Estate	Total Estate Workforce		
	Permanent	Casual	Total
Kenilworth	178	215	393
Carolina	127	122	249
Wigton	122	55	177
Shannon	141	157	298
<b>WATAWALA</b>	<b>568</b>	<b>549</b>	<b>1,117</b>
Abbotsleigh	284	304	588
Dickoya	251	238	489
Vellai Oya	362	227	589
Strathdon	292	212	504
<b>HATTON</b>	<b>1,189</b>	<b>981</b>	<b>2,170</b>
Agrakande	205	96	301
Henfold	353	263	616
Ouvahkelle	258	220	478
Tangakelle	200	218	418
Waltrim	419	349	768
<b>LINDULA</b>	<b>1,435</b>	<b>1,146</b>	<b>2,581</b>
<b>Company</b>	<b>3,192</b>	<b>2,676</b>	<b>5,868</b>



## Estate Workforce - by Gender

Estate	Total Estate Workforce (by Gender)		
	Men	Women	Total
Kenilworth	196	197	393
Carolina	89	160	249
Wigton	77	100	177
Shannon	129	169	298
<b>WATAWALA</b>	<b>491</b>	<b>626</b>	<b>1,117</b>
Abbotsleigh	274	314	588
Dickoya	226	263	489
Vellai Oya	268	321	589
Strathdon	212	292	504
<b>HATTON</b>	<b>980</b>	<b>1,190</b>	<b>2,170</b>
Agrakande	127	174	301
Henfold	292	324	616
Ouvahkelle	228	250	478
Tangakelle	154	264	418
Waltrim	360	408	768
<b>LINDULA</b>	<b>1,161</b>	<b>1,420</b>	<b>2,581</b>
<b>Company</b>	<b>2,632</b>	<b>3,236</b>	<b>5,868</b>



## Estate Staff Profile

Estate	Total Estate Staff		
	Permanent	Contract	Total
Company	307	27	334

## Estate Staff - by Gender

Estate	Total Estate Staff (by Gender)		
	Men	Women	Total
Company	251	83	334

## Policy Enhancements

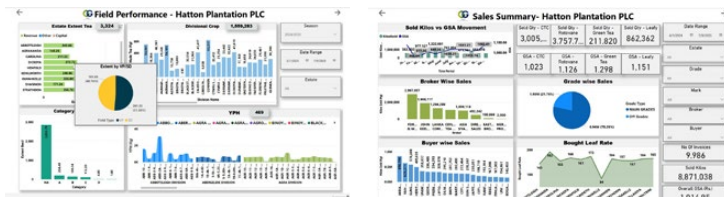
During the year, the Company's human resources division implemented strategic policy enhancements aligned with its broader corporate goals, including digital transformation and tea quality improvement. Key HR policies were reviewed and upgraded to support a more agile, skilled, and performance-driven workforce. New policies were also introduced to strengthen estate-level productivity and quality, with a strong focus on education, digital skills development, and capacity building. These efforts were instrumental in supporting the company's transition

towards technology-enabled operations and its ongoing commitment to producing high-quality tea through a more capable and future-ready workforce.

## Key policy support in the year includes:

### Improving Performance Management

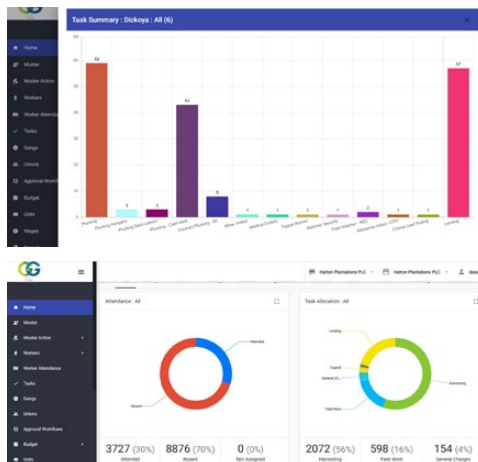
Hatton Plantations undertook a significant digital transformation of its field operations by developing and implementing a comprehensive Enterprise Resource Planning (ERP) system, OLAX PLANTATIONS MANAGEMENT SYSTEM (OLAX). This system was designed to streamline and integrate all plantation activities for better decision-making and operational efficiency.



ERP data Analysis

### Improved Productivity Tracking through Technology Integration

I 'Harvest Implementation: A digital tool to monitor harvest data in real time, enabling prompt feedback and control. By integration of ERP with I 'Harvest, seamless data flow between systems ensures improved accuracy in productivity tracking and management reporting.



I 'harvest data Analysis

### Labor Relations Management

The company introduced several initiatives to strengthen labor relations and improve worker welfare. These mainly focused on improving the working environments of the workers, achieving corporate quality drive goals, and creating opportunities for workforce to share their concerns:

- ✳ Facility Upgrades: Upgraded access to essential amenities, including toilets and resting areas, to improve working conditions.
- ✳ Quality Clusters: Created "quality clusters" in which selected associates were appointed as Quality Cluster Leaders. These leaders are responsible for discussing quality-related matters with staff and foster a culture of self-managed continuous improvement.
- ✳ Pocket Meetings: Field staff were encouraged to conduct regular "pocket meetings" to communicate management expectations, targets, and welfare updates directly to employees, promoting transparency and engagement.

### Sustainability Management

The Company's HR division facilitated HPL to achieve global benchmarks and certifications, achieving standards that elevate the company's overall sustainability, productivity and efficiency. In line with the company's sustainability efforts, Hatton Plantations achieved ISO certifications in:

- ✳ Energy Management (ISO 50001)
- ✳ Greenhouse Gas Emissions Verification (ISO 14064-1)



Special Initiative: Buyer Visit for Sustainability Verification



Buyer visits at Kenilworth Estate

Heritage, along with Mitsui Norin (Japan) conducted a visit to assess the human rights protection and environment sustainability. They checked and conduct a survey on our sustainability practices using questionnaire to confirm our estates practice best practices in human rights and environmental protection.

Motivation Management

Several initiatives were introduced on a policy level to encourage and motivate employees. These include additional performance benefits, succession planning, and welfare programs that include the provision of meals for workers meeting consistent effort in daily task targets, promoting productivity and morale.

Succession Planning

Hatton Plantations has taken strategic steps to ensure the sustainability of its business and the development of future leaders through identification of potential leaders and providing leadership training.

In addition to enhanced policy initiatives, Hatton Plantations PLC continued our committed to fostering an inclusive and productive work environment characterized by dignity, mutual respect, well-being, and safety, supported by a robust governance and policy framework. Our comprehensive policy framework outlines the company's approach to human capital management, while our Code of Ethics-available in all three languages-clearly delineates employees' rights and responsibilities. These policies are formulated in alignment with regulatory requirements and global best practices, these include:

Policy	Application
Employment policy	<ul style="list-style-type: none"><li>No child labor</li><li>No forced labor</li><li>No harassment</li><li>No discrimination</li></ul>
Human Resource and Social Policy	<ul style="list-style-type: none"><li>Dignity and respect</li><li>Training and empowerment</li><li>Equal opportunity</li><li>Freedom of association</li><li>Grievance handling</li><li>Local communities</li></ul>
Wage Policy	<ul style="list-style-type: none"><li>Career growth opportunities</li><li>Fair remuneration</li><li>Suitable benefits and incentives</li><li>Rewards and recognitions</li></ul>
Health and Safety policy	<ul style="list-style-type: none"><li>Health and welfare</li><li>Work-life balance</li><li>Fire and first Aid</li><li>Safety and safety protocols</li></ul>

## Equal Opportunities

Hatton Plantations PLC upholds a strong commitment to equal employment opportunity, embedding fairness and inclusivity into every stage of our recruitment and selection process. We maintain a strict zero-tolerance policy against discrimination on the grounds of gender, ethnicity, religion, or any other personal characteristic. Our hiring practices are governed by clear, merit-based criteria that ensure consistency and objectivity.

The Company also places significant emphasis on fostering a diverse and inclusive workforce that reflects the multicultural nature of our communities. In line with our broader social responsibility objectives, we actively support employment generation initiatives aimed at uplifting estate families and enhancing community well-being. Our gender equality policy further strengthens our efforts to create a respectful and supportive work environment for all.

Continuing on the success of the estate female supervision initiative of last year, Hatton Plantations PLC enhanced the program to offer more opportunities for educated estate youth providing supervisory opportunities and leadership roles. The program which recruited 16 youths during 2023/24, grew to include 30 female youth leaders in 2024/25 FY. These women leaders have been trained in their expected duties and have been able to obtain the respect and support of other estate worker communities to perform their duties. This has given them greater responsibility and authority in the functions of estate management and provided leadership and career growth opportunities in the company.

## Fair Remuneration

The Company remains dedicated to providing fair and competitive compensation that appropriately reflects the roles, responsibilities, and performance of its employees. Wages and benefits for unionized workers are determined through established Collective Bargaining Agreements, while

salaries for non-union employees are benchmarked against prevailing industry norms.

During the last 5 years, the estate worker wage rates has increased significantly with an additional increase in wages last year. At the close of the year, estate worker minimum wage was at Rs.1,350/= per day, a 35% increase since the last increase in 2021 of Rs. 1,000/= per day.

To further promote a culture of excellence, HPL has introduced targeted incentive schemes that reward innovation, efficiency, and outstanding performance. Notable accomplishments are also celebrated through the structured annual recognition programs.

## Knowledge and Skills Enhancement (T&D)

At HPL, we have implemented various training and development programs aimed at enhancing employee skills, attitudes, and overall performance. These initiatives are designed to address specific needs and improve engagement across different levels of the company. The Company provides subsidies covering 50% of training costs for certain programs, while fully funding others.



*Managers and Staff Training*

Training Program	Description	Objective/ Goals	Target Audience
<b>Gender and Inclusion</b>			
Gender Champion Program	This training program was conducted in collaboration with the Centre for Child Rights and Business. It was a six-month participatory program.	To provide comprehensive education focused on gender equality, grievance mechanisms, and to assess and address gender approach. The program aimed to enhance capacity, promote inclusion, and raise awareness in these critical operational areas.	Committee members (both staff and associates)



Gender awareness Program



Training Program	Description	Objective/ Goals	Target Audience
<b>Technical and Professional Skills and Knowledge Enhancement</b>			
TRI Training for Harvesting Team Leaders	This training program was conducted by the Tea Research Institute (TRI).	To educate participants on the science behind tea plucking, appropriate plucking procedures and methods, and offer practical field-related guidance to improve operational efficiency and tea quality.	Harvesting team leaders (Trainees) – Total participants: 15
Plucking Demonstration Training	This training program was conducted by the COO Mr. Sujiva Godage across all HPL estates.	Enhance the skills and knowledge of associates by demonstrating scientific plucking techniques, quality standards, and best field practices to improve leaf quality, yield efficiency, and overall productivity, in alignment with sustainable agricultural practices.	Tea harvesters – Division wise



Training for harvesting Team Leaders





Training Program	Description	Objective/ Goals	Target Audience
<b>Health and Safety Training</b>			
First Aid Training	Conducted by Red Cross Society of Colombo	Train employees to confidently and effectively administer first aid at the workstation in case of injuries or medical emergencies, ensuring a safe and responsive workplace environment until professional medical assistance is available	Staff and employees
Special Skill Training (Fire Drill and Fire Fighting training)	Conducted by Britex Fire Services and HPL internal trainers	To train employees in effectively responding to fire emergencies within the workplace by improving their awareness of fire risks, familiarizing them with evacuation routes and procedures, and providing hands-on experience in using firefighting equipment.	Staff and E-employees



First Aid Training



Fire Drill Training



Training Program	Description	Objective/ Goals	Target Audience
<b>General Awareness Training</b>			
Labor Laws and Workers' Rights	Conducted by Regional Labour Department	To provide the management team on current and applicable laws and workers' rights for better decision making and labor management	Management team
Trap Removal & Leopard Conservation Education and Awareness Program	It was done with the collaboration of the WNPS (Wildlife and Nature Protection Society) Rainforest Alliance (RA), Department of Wildlife Conservation (DWC), and Department of Forest Conservation (DFC) to enhance knowledge of the estate community.	Reduce the number of death reported on mountain leopards and reduce the threat of harm. Lack of awareness and improper estate community activities are reasons for leopard deaths.	Estate staff and worker



Training on Labor Laws



Training and Education on Trap removal and Leopard Conservation





## Welfare and Benefits

At Hatton Plantations PLC, we place high value on recognizing the dedication and achievements of our employees through a well-established rewards and recognition framework. This encompasses initiatives such as performance-linked incentives, tenure-based acknowledgements, and monthly employee appreciation programs. By connecting recognition with both individual performance and the company's strategic objectives, we foster a motivated workforce, encourage excellence, and support sustained organizational growth. Supplementing these, the Company also provides a number of benefits based on the employment category.

## Welfare Schemes

Estate	Activity	Result/ Impact
<b>Head Office</b>	Scholarship for Undergraduates	Children of associates selected for Government Universities of Sri Lanka benefited (13 scholarships × Rs. 12,000 each)
	Grade 5 Scholarship Award	4 students of HPL employee's benefit
<b>Abbotsleigh</b>	Blood Donation Camp	56 HPL members donated their blood during the camp.
<b>Henfold</b>	Tree Planting	50 trees planted at the CD Division
<b>Agarakanda</b>	Medical Camp	150 associates from both divisions benefited.
<b>Strathdon</b>	Ayurvedic medical camp	290 patients benefited (Organized by EMA / DO)
<b>Shannon</b>	Pressure checkup	Around 25 associates from GT Division benefited.
<b>All estates</b>	Issuance of rain jackets to workers	2780 benefited from this
	Development of field rest rooms and factory restrooms	All estate workers

Employee Type	Benefits
<b>Executives - Head Office / Estates</b>	Insurance Medical facilities Mobile Allowance Fuel/Travelling Tea allowance
<b>Staff - Head Office / Estates</b>	Insurance Medical facilities Tea allowance Mobile Allowance Fuel/Travelling
<b>Executives - Estates</b>	Insurance and Medical Facilities Tea allowance Mobile allowance Fuel/Travelling Accommodation Water, Electricity, Gas
<b>Staff - Estate</b>	Tea Allowance Accommodation Medical facilities Electricity and water
<b>Field Staff - Estates</b>	Tea Allowance Accommodation Medical facilities Electricity and water Performance incentives
<b>Associates</b>	Tea Allowance Housing Medical facilities Free Ambulance service CDC facilities Death donations Assistance to temples & religious festivals

# INTELLECTUAL CAPITAL

GRI 2-22, 27, 417-1



## HIGHLIGHTS

### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

#### Decent Work and Economic Growth



- ✓ Commitment to obtaining global best practice certifications
- ✓ Opportunities for knowledge and skills development.

#### Industry, Innovation & Infrastructure



- ✓ **02** branding initiatives
- ✓ Technology investments of **Rs.29.0 million**
- ✓ Investment in system and process improvements **Rs 47.6 million**

Our Intellectual Capital includes brand equity, industry experience, research and development, investments in technology, knowledge and skills, operational excellence, systems and process developments, certifications and leadership. Our intellectual capital has been a key driver of growth over the years, ensuring steadfast performance year on year.

Hatton Plantations PLC is proud of its robust intellectual capital portfolio, which has been a cornerstone of the company's strength and consistent performance. This valuable asset has enabled the business to overcome challenges, foster buyer confidence, and maintain exceptional year-on-year results. It has also played a vital role in ensuring the company remains on a path of sustainable growth.

During the year under review, Hatton Plantations PLC continued to invest in and expand its intellectual capital through strategic partnerships and targeted initiatives. The company also strengthened its brand by driving continuous innovation and executing focused brand-building efforts.

Our Intellectual Capital Portfolio



Brand & Seller Marks



Experience, Knowledge & Skills



Experience, Knowledge & Skills



Research & Development



Technology



Best Practices

Intellectual Property Chain



Hatton Plantations Brand

Hatton Plantations PLC solidified its position as a trusted and respected trader of Ceylon Tea, recognized for its ethical standards, reliability, and consistent quality at the Ceylon Tea Auction. For five consecutive years, HPL teas have recorded the highest sales volume, a testament to the quality and strong market demand for teas produced across our estates. In 2024, the company's brand equity experienced average price growth of 9.2% at the Colombo Tea Auction, reflecting strengthened customer loyalty and market presence.

During the year, Hatton Plantations launched two major branding initiatives: the launch of Hatton Gold tea bags, catering to evolving consumer preferences for convenience and quality, and the rollout of the Hatton Tea Company tagline: "Longevity Since 1882", underscoring the company's rich heritage and longstanding commitment to excellence.

Further, the company's teas are marketed under its distinctive garden marks, each representing the unique regional characteristics and tea types they embody. Hatton Plantations currently markets 12 black tea garden marks and one green tea garden mark. Among the most sought-after HPL teas are Kenilworth and Waltrim-names that are held in high esteem by tea connoisseurs globally and recognized among the finest in the Ceylon Tea portfolio.

During the year under review, Hatton Plantations continued to invest in enhancing the quality and distinction of the HPL brand, with a focus on developing unique and differentiated tea varieties. In addition, the company has embarked on grading, branding, and developing its coffee cultivations-an expansion that will further enrich the proud portfolio of Hatton Plantations.

Estates and Selling Marks

Region	Estate	Selling Mark
Lindula	Waltrim	Waltrim
	Henfold	Henfold
	Tangakelle	Tangakelle
	Agarakanda	East Fassifern
	Ouvahakelle	Ouvahakelle
Hatton	Dickoya	Adisham
	VellaiOya	VellaiOya
	Abbotsleigh	Florence
	Strathdon	Strathdon
Watawala	Shannon	Shannon
	Kenilworth	Kenilworth
	Carolina	Carolina CTC

Experience, Knowledge and Skills

Hatton Plantations PLC is built on a strong foundation of decades of accumulated experience, industry knowledge, technical expertise, and innovation. These critical components of our intellectual capital have been passed down through generations and remain integral to the company's operational resilience and strategic advancement.

Recognizing the value of this intellectual wealth, Hatton Plantations actively invests in structured programs and initiatives that focus on retention, sharing, and enhancement of institutional knowledge. These efforts ensure that our employees-both new and seasoned-benefit from the legacy of expertise while also remaining agile and informed in an evolving global tea industry.



Key initiatives undertaken during the year under review include:

■ **Knowledge Sharing & Mentorship:** Regular forums and workshops were held across estates and regional offices to encourage the exchange of technical knowledge and field-based insights. Senior staff and long-serving employees play a key role in mentoring newer team members, ensuring critical know-how is preserved and transferred.

■ **Participatory Strategic Planning:** Both estate and corporate staff were engaged in inclusive strategy-building sessions, ensuring alignment across operational and administrative teams. This participatory approach empowered employees and strengthened strategic execution on the ground.

■ **Training on Global Tea Trends & Innovations:** Targeted training sessions were conducted to familiarize staff with emerging trends in tea cultivation, processing, and marketing. Emphasis was placed on sustainable practices, value-added product development, and changing consumer preferences in global markets.

■ **Research and Continuous Innovation:** Our dedicated research and development teams continued to explore new techniques in crop management, factory automation, and product enhancement. These efforts ensure Hatton Plantations remain at the forefront of quality and innovation.

■ **Retention of Key Talent:** Recognizing the value of skilled and experienced personnel, the company implemented incentive schemes to reward high performers and long-tenured employees. These included professional development opportunities, and career progression pathways.

■ **Technology-Enabled Knowledge Transfer:** Investments in digital platforms and automation have facilitated improved documentation, analytics, and operational consistency. These systems also serve as repositories of institutional knowledge accessible across functions.

■ **Training in Best Practices and Global Benchmarks:** Estate and factory teams were trained in international standards for agricultural and manufacturing practices, including sustainability certifications, quality assurance, and labor standards.

■ Together, these initiatives form a comprehensive framework for developing and preserving the intellectual capital that underpins the long-term growth and competitiveness of Hatton Plantations PLC.

Total Workforce (Age)

	Total Workforce (Age)						Total
	Below 20	20-29	30-39	40-49	50-59	60 and Above	
Staff	2	21	90	143	61	17	334
Workforce	59	387	1,063	2,030	1,423	906	5,868

Operational Excellence

Hatton Plantations PLC continues to prioritize operational excellence as a strategic imperative, consistently improving estate-level and factory-level efficiency through resource optimization, cost management, and systems integration. Our focus on streamlined processes, effective estate management, and technology enhancement has contributed to measurable improvements in productivity and sustainability.

During the financial year under review, the Company recorded a 10% increase in overall productivity, driven by optimized field practices and refined manufacturing protocols.

Efficient estate management remains a cornerstone of our business model, with continuous monitoring and performance reviews enabling early detection and resolution of inefficiencies. Our commitment to operational improvement is aligned with industry best practices and supports long-term value creation for all stakeholders.

Key Operational Initiatives:

- **Timely Replacement of Machinery:** Aging machinery was systematically replaced across estates, reducing downtime and improving output quality. This initiative also enhanced energy efficiency and reduced maintenance costs.
- **Deployment of Advanced Tools and Equipment:** Modern field and factory equipment were introduced to improve labor productivity, ensure uniformity in output, and reduce waste across production stages.
- **Integration of Quality Management Systems:** Both estate and factory operate under a unified quality assurance framework, ensuring adherence to ISO and HACCP standards, thereby enhancing consistency and traceability.

- **Strategic Training and Development:** Continuous capacity-building programs were delivered for key staff at estate and corporate levels. Training modules focused on field management, factory operations, preventive maintenance, data-driven decision-making, and sustainability practices.

These initiatives reflect our proactive approach to building a resilient, agile, and future-ready operation. Through a blend of innovation, investment, and knowledge-driven execution, Hatton Plantations PLC remains committed to sustaining operational excellence in a dynamic and competitive tea industry landscape.

Systems and Processes

At Hatton Plantations PLC, tea manufacturing is a time-honored craft refined over generations. The journey from leaf to cup begins in the soil, where careful attention to soil health and sustainable agricultural practices lay the foundation for high-quality tea. From there, the process follows a precise sequence: plucking, withering, rolling, tossing, oxidation, drying, sorting, testing, and finally, weighing and trading. Each stage is managed with precision to ensure the highest standards of quality and consistency.



To remain competitive in an evolving industry, Hatton Plantations continuously explores new technologies and innovations aimed at enhancing efficiency, reducing waste, and ensuring consistency in output. Maintaining robust systems and streamlined processes is central to our operational success. Therefore, this year the company has allocated multi-disciplinary supervision and monitoring teams at estate levels to track and address any process efficiencies that exist.

## Technology Integration and Process Enhancement

- **Mechanized Plucking:** In line with global best practices, the company introduced mechanized plucking across selected estates. This initiative has improved plucking efficiency, optimized labor utilization, and ensured consistency in leaf quality.
- **Digital Monitoring Systems:** A key advancement during the year was the expansion of digital monitoring tools that provide real-time data from estate level to the head office in Colombo. This system enables close tracking of daily leaf volumes, processing progress, and overall estate performance—allowing for timely intervention to resolve delays or productivity bottlenecks.
- **Field-to-Factory Oversight:** Our digital tracking is complemented by a strong on-ground supervisory framework. A trained team of supervisors monitor operations at both field and factory levels, ensuring adherence to standards, timely resolution of issues, and the smooth flow of operations.

## Focus on Compliance and Sustainability

In addition to productivity improvements, our processes are aligned with key sustainability and compliance goals:

- **Health and Safety Protocols:** Stringent health and safety measures are embedded throughout the manufacturing process to safeguard workers and maintain a safe operating environment.

- **Environmental Responsibility:** Systems are in place to reduce energy use, manage waste, and mitigate the environmental impact of operations. Efforts are aligned with broader industry sustainability standards and certifications.

- **Performance Management:** Structured employee performance monitoring systems are in use to promote accountability, recognize achievement, and identify training needs, supporting both operational goals and employee growth.

Through a balance of tradition, technology, and sustainability, Hatton Plantations PLC continues to elevate its manufacturing processes to meet the demands of a global marketplace while maintaining the authenticity and heritage of Ceylon Tea.

## Certifications

- Rainforest Alliance
- Fair Trade Foundation
- Central Environment Authority
- ISO 22000:2018
  - HACCP
  - GMP
  - FSMS
- ISO 9001:2015
  - QMS
- ISO 50001:2018
  - EnMS
- Greenhouse Gas Verification





**Rainforest Alliance**

The Alliance engages in a well-rounded effort to minimize the impact on the environment throughout the business process. As a member of the Rainforest Alliance, the company's sustainability initiatives extend beyond the environment to social, economic and people sustainability.



**Fair Trade Foundation**

Ensures that international fair trade standards are followed across environmental, labor and developmental policies and practices within the company.

**Central Environment Authority**

Provides regulatory and essential guidelines within the Sri Lankan legal framework on environmental protection and industrial regulations on environment management.

**ISO 22000: 2018**

This Certificate prevents food safety hazards and ensures that food is safe at the time of human consumption. It integrates and harmonizes various national and international standards and guidelines to provide a comprehensive framework for managing food safety risks. Incorporates the Hazard Analysis and Critical Control Points (HACCP) principles and emphasizes risk management throughout the food supply chain.

**ISO 9001:2015**

ISO 9001 is to provide a systematic framework for managing an organization's processes to ensure that products and services consistently meet customer requirements and that quality is continuously improved.

**ISO 50001:2018**

This certificate is helping organizations improve energy performance, increase energy efficiency, and reduce energy consumption and costs, while also contributing to the reduction of greenhouse gas (GHG) emissions.

Certificate	Estate Certified
Rainforest Alliance	All estates
Fair Trade Foundation	Abbotsleigh, Dickoya, Waltrim, Henford, Kenilworth, Vellaioya
Central Environment Authority	All estates
ISO 22000:2018 (HACCP, GMP, FSMS)	All estates
ISO 9001:2015	Agrakande, Shannon, Henfold, Carolina
ISO 50001:2018 (EnMS)	Waltrim
GHG	Waltrim



## Partnerships for Research

Hatton Plantations PLC has established enduring, strategic partnerships with premier tea research institutions, including the Tea Research Institute of Sri Lanka and leading research bodies in India. These collaborations play a vital role in advancing research and development initiatives critical to the growth and sustainability of the tea industry.

By working closely with these institutions, Hatton Plantations gains access to cutting-edge research, innovative cultivation techniques, and emerging industry trends. This knowledge exchange has been pivotal in enhancing both the quality and yield of our tea production, allowing us to adopt scientifically backed practices and maintain competitive excellence.

These partnerships also enable us to proactively address challenges related to crop health, climate resilience, and sustainable agriculture, ensuring that our operations are aligned with global best practices and evolving market requirements.

Through ongoing collaboration and innovation, Hatton Plantations remains committed to driving forward the standards of Sri Lankan tea production and contributing meaningfully to the broader industry landscape.

## NATURAL CAPITAL

GRI 101, 102-4, 103, 301 -1, 2, 302, 303, 304 1-3, 305-5, 306



### HIGHLIGHTS

#### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

##### Clean Water & Sanitation



- ✓ Providing access to clean drinking water and sanitation for **5,868** estate workers and their families
- ✓ Invested **Rs.15.1 million** in providing clean and sanitary working environment
- ✓ Invested **Rs. 1.0 million** to provide field level toilets for workers engaged in field activities in tea fields

##### Affordable and Clean Energy



- ✓ Energy consumption reduced by **18%**
- ✓ Energy efficient equipment installation

##### Climate Action



- ✓ **ISO 50001:2018** Energy Management system
- ✓ Compliant with Rain Forest Alliance

##### Life Below Water and



##### Life on Land



- ✓ Forestry protection program to ensure fauna, flora and water life is identified and conserved

##### Responsible Consumption & Production



- ✓ Ensuring all raw material is sourced from responsible agrarian practitioners
- ✓ Ensuring no child labour is used or animal harm is caused in the production of any item
- ✓ Environmental safe use of fertilizer and weedicide products
- ✓ Extensive use of compost and bio fertilizer in tea field




Natural Capital includes the plantations, land, water, energy, soil and the surrounding environment we operate in. The company is dedicated to ensuring minimal impact on the environment through the implementation of best practices, advanced manufacturing processes and effective environment policies.

Natural Capital forms the foundation of Hatton Plantations PLC's operations. Our most valued resource, it encompasses approximately 7,206 hectares of land across thirteen estates. While tea continues to be the core focus of our agricultural operations, the Company has also diversified into coffee and timber cultivation in recent years. HPL expects to expand the coffee plantation to cover 500 hectares of land within the next five years. The timber plantations align with long-term sustainability goals and the responsible use of natural resources. In keeping with the most suitable varieties of timber under the weather and soil conditions in the area eucalyptus and pine have been planted.



Tea, Timber and Coffee planting

Natural Resource Chain

 Input	 Process	 Output
Plantations	Environment and sustainability certifications, benchmarks, licenses and guidelines	Efficient and productive resource usage
Fertilizers	Agrarian practices	Positive soil health
Agro chemicals	Water management policy	Lower harmful emissions
Energy	Energy management policy	Improved energy and water usage
Water	Waste management policy	High crop yields
Weather and Climate	Land management policy	Protected biodiversity
		Lower wastage

Hatton Plantations PLC relies on key inputs such as fertilizers, agrochemicals, energy, and water to ensure the healthy growth of our plantations and the achievement of targeted yields. The primary outputs from our manufacturing processes include tea and coffee, along with by-products such as production waste and the impact on soil quality. To manage these resources responsibly and optimize outputs, the Company aligns our operational practices with established environmental policies, industry standards, and regulatory guidelines. This approach ensures sustainable production while minimizing the environmental footprint of our activities.

During the year under review, adverse weather conditions posed significant challenges to our natural capital. Prolonged periods of heavy rainfall threatened both the quality and availability of green leaf for production. Furthermore, the risk of soil erosion and flooding required proactive intervention. Through our continued investment in environmental safeguards and the implementation of sustainable land management practices, we were able to successfully mitigate these risks and protect the integrity of our estates.

Natural Capital Challenges

Factor	Challenge
Heavy rains	<ul style="list-style-type: none"><li>■ Soil erosion</li><li>■ Impact on crop quality</li><li>■ Increased energy usage due to moisture in tea leaves</li></ul>
Atmospheric moisture	<ul style="list-style-type: none"><li>■ Fungal and other diseases affecting the crop</li></ul>
Droughts	<ul style="list-style-type: none"><li>■ Soil deterioration</li><li>■ Inability of soil to absorb fertilizer</li><li>■ Increased water use</li><li>■ Increased compost and fertilizer use</li></ul>

The Company implements several measures to optimize the resource use and minimize the harmful impacts on the ground, in line with our environment policy and commitments to international sustainability benchmarks.

Environment and Sustainability Policy

At Hatton Plantations PLC, we implement a comprehensive and robust environment management policy that protect and nurture the core of our business: our natural capital. This year, Hatton Plantations PLC embarked on a multi-pronged environment and sustainability strategy implementing efforts that go beyond the plantation to ensure conservation of fauna and flora across the estates through diverse sustainability measures.

**Biodiversity Conservation Project** –The Company is committed to protecting the surrounding streams, jungles and bio diversity within the plantation and factory parameters from encroachers, poaching, deforestation and other dangers. This commitment extends to bordering and surrounding bio diversity that the company makes effort to protect.

This year, HPL partnered with the WMPS PLANT, a bio diversity and environment conservation company, to conserve the streams and forest patches within our estates. This project aims to protect the waterways and forest patches and the bio diversity within a range of over 250 hectares. The project binds HPL from deforestation, use for any industrial and agricultural purposes, alteration and major constructions for a period of 20 years in the demarcated land areas.

As an initial step HPL and PLANT will jointly map out areas to be developed into over 10 Km of forest corridors in and around the land and along the origins of the Mahaweli and Kelani riverbanks, where replantation activities will be facilitated. Buffer zones will also be created alongside the riverbanks to protect from other potential harm.



The project which commenced this year and is currently on going runs through HPL's Dickoya, Abbotsleigh, Vellai Oya and Carolina estates. These will be inter-connected with other plantation properties via these forest corridors.

Through this project Hatton Plantations will preserve existing endemic plant species and conserve existing bio diversity in the select land areas. The joint venture partner will also ensure that these forest patches and water ways are protected from erosion, forest fires, and other natural and man-made harm that may impact them.

**Rainforest Alliance** - In keeping with our commitment to the 'Rainforest Alliance Certification Program,' the company engages in a well-rounded effort to minimize the impact on the environment throughout numerous activities. As a member of the Rainforest Alliance, the company's sustainability initiatives extend beyond the environment to social, economic and people sustainability. It requires the company to adopt best practices to protect and improve forests, climate, human rights, and livelihoods.

Initiative	Description and Practices
Forest Protection and Reforestation	<ul style="list-style-type: none"><li>■ We maintain the sub activities below for the maintenance of the RA certification<ul style="list-style-type: none"><li>○ Prohibit the clearing of forestland for agricultural expansion in our estates.</li><li>○ Conservation or restoration of on-farm natural habitat.</li><li>○ Promote shade-grown crops and shade trees (e.g., coffee) to maintain forest cover.</li><li>○ Support community forestry and responsible timber harvesting</li></ul></li></ul>
Climate Change Mitigation and Adaptation	<ul style="list-style-type: none"><li>■ Promote climate-smart agriculture practices (e.g., increasing tree cover, efficient use of water and energy, and waste and wastewater management).</li><li>■ Reduce greenhouse gas emissions.</li><li>■ Help farmers adapt to climate change through training and awareness.</li></ul>
Biodiversity Conservation	<ul style="list-style-type: none"><li>■ Protect and enrich wildlife habitats, including critical ecosystems.</li><li>■ Promote ecological diversity on farms.</li><li>■ Minimize the use of harmful pesticides through Integrated Pest Management (IPM).</li><li>■ Conserve water resources and catchment area</li><li>■ Maintain buffer zone</li></ul>
Sustainable Land Management	<ul style="list-style-type: none"><li>■ Implement good agriculture practices for soil fertility and conservation. (Draining, Forking, Mulching, Compost application)</li><li>■ Diversify production to support ecological diversity and economic resilience.</li><li>■ Manage waste effectively and prevent environment pollution.</li></ul>

Initiative	Description and Practices
<b>Social Sustainability Initiatives (Human Rights and Livelihoods)</b>	
<b>Fair Treatment and Good Working Conditions for Workers</b>	<ul style="list-style-type: none"> <li>■ Ensure safe and fair working conditions.</li> <li>■ Compliance with national labor laws and ILO (International Labour Organization) conventions regarding wages and working hours, OT, including the living wage concept.</li> <li>■ Prohibit forced labor and child labor, discrimination and workplace valance with tools to identify and address these issues.</li> <li>■ Promote freedom of association and collective bargaining.</li> </ul>
<b>Gender Equality</b>	<ul style="list-style-type: none"> <li>■ Actively promote gender equality on estates and within communities.</li> <li>■ Support women's economic empowerment activities.</li> </ul>
<b>Improved Livelihoods</b>	<ul style="list-style-type: none"> <li>■ Provide training and awareness and technical assistance to improve productivity and income.</li> <li>■ Develop alternative sources of income that do not rely on destructive practices like deforestation.</li> <li>■ Ensure economic viability for producers through fair trade and market access.</li> </ul>
<b>Market Access and Brand Credibility</b>	<ul style="list-style-type: none"> <li>■ Gain access to premium markets for certified products.</li> <li>■ Enhance brand reputation through the internationally recognized Rainforest Alliance Certified™ seal.</li> <li>■ Meet growing consumer demand for traceability, accountability, and transparency</li> </ul>
<b>Operational Efficiency and Productivity</b>	<ul style="list-style-type: none"> <li>■ Promote good agricultural practices to increase product quality and operational efficiency.</li> <li>■ Promote good manufacturing practices and increasing productivity and quality.</li> </ul>

**Annual Environment Impact Assessments** - The Company conducts an environment impact assessment annually to identify and address environment needs. This has helped the company to provide timely and relevant solutions to every aspect of environment management.

**Faire Trade Certification and Central Environment Authority License** - Hatton Plantations PLC's responsibility towards environment sustainability extends to include fair trade certification which ensures that the process of manufacture

and trade are in line with global ethics. The Company also annually obtains local environment license for each tea factory under our portfolio from the Central Environment Authority.

In addition, Hatton Plantations PLC engages in educating our teams and communities on the importance and methods of environmental safeguards as a part of environment management.

Soil Management

The soil is at the heart of our business. The quality and the quantity of the tea produced rely on the health of the soil of our plantations . Maintaining fertile, resilient soil is therefore critical not only for productivity and profitability, but also for the long-term sustainability of the plantation ecosystem. To preserve and enhance soil quality, the Company continues to invest in the development of organic compost and the use of high-quality fertilizers. These practices support healthy soil regeneration and minimize degradation over time. Our approach on fertilizer and agrochemical usage is guided by responsible consumption practices, ensuring minimal environmental impact.

Some of our estates, particularly in regions such as Hatton, Watawala, and Lindula, are situated in areas vulnerable to heavy rainfall and classified as environmentally sensitive. As a result, landslides and soil erosion remain significant environmental risks. Hatton Plantations remain vigilant in addressing these challenges through proactive land and soil management strategies.

Therefore, the Company initiates replanting and rehabilitation initiatives annually to keep the soil fertile and healthy. This year, the timber project planted eucalyptus and pine plants in 11 hectares of barren land and target to add another 20 hectares of timber plantation in the coming year. In addition, tea and coffee were also replanted during the year, with 3.5 hectares of tea replanting and 21.66 hectares of coffee cultivation.



Composting and soil conservation

Replanting Efforts

	Unit	2019 to 31st March 2025
Tea replanting	Ha	974
Coffee cultivation	Ha	89.66
Timber cultivation	Ha	198.18



Timber cultivation



Coffee Planting

In addition, fertilizer, organic compost, bio fertilizer and agro chemicals that are safe for the plantations are used to further improve the health of the soil.

Source	Unit	2024/25	2023/24
Fertilizer	MT	4,553.3	2,829.1
Dolomite	MT	1,348.0	1,708.0
Organic compost	MT	4,281.2	616.2
Bio Fertilizer	KG	55,662	21,737
Agro chemical	LIT	129,121	115,158

Hatton Plantations PLC implemented several soil conservation projects to manage soil erosion. They include:

Activity	Description
<b>Bamboo planting</b>	Bamboo planting on stream banks bordering or running across the plantations. The bamboo plantations are mainly found in the Vallai Oya, Shanon, Strathdon estates. This has helped to strengthen the soil on the river banks and prevent them from being washed off.
<b>Building of terraces</b>	Terraces are built in higher level slope estates where there is a higher risk of rainfall eroding the mountainous terrain soil. The terrace system has helped to solidify the soil through layers of concrete/ brick support. These are initiated in all estates.
<b>Development of drainage systems</b>	As a measure to manage excess rainfall from the estates in heavy rainfall prone areas, a systematic drainage system has been built to transport the water away from the estates. These are developed in all estates.
<b>Salt systems</b>	Planting species of plants as a barrier to prevent run of water in rehabilitated tea planting

By adopting responsible and best practices in our agriculture practices the Company promotes sustainability across the manufacturing process.



## Energy

Energy is a vital resource in the production process of our teas. The production of tea involves a process of both electrical and thermal energy. The withering, rolling, fermentation, drying, sorting/grading and packaging has varying levels of energy requirements. Of these the withering and drying processes are the highest energy consumers.

Hatton Plantations PLC primarily relies on grid electricity to meet our energy needs, supplemented by firewood, petrol, and diesel to support various stages of tea production. In addition to these conventional sources, the Company also benefits from the mini-hydropower plants operated by our parent company. This renewable energy input plays a valuable role in supporting the energy requirements of our plantations, contributing to greater energy efficiency and sustainability across operations.



**Energy Audit** - During the year, Hatton Plantations PLC undertook a comprehensive energy audit across our estates to evaluate total energy consumption, identify inefficiencies and wastage, and explore opportunities for optimization. This audit was carried out in collaboration with the National Cleaner Production Center (NCPC).

The findings provided critical insights into machine efficiency and highlighted areas of significant energy loss and waste that contributed to higher energy use. Guided by the audit results, the Company implemented targeted, section-wise energy conservation and reduction initiatives to improve overall efficiency and reduce operational costs.

### ■ Replacement of Inefficient machinery with energy efficient equipment.

1. **Strathdon Estate** - the boilers in the estate showed to perform at a very low efficiency in the energy audit and insufficient to meet the capacity of the factory. This was replaced with advanced and efficient boiler which

automatically recycle energy output converting this energy to prep firewood. As a result, the pre-dried firewood further improved efficient energy usage in the factory. In turn, the estate was able to bring down the cost of Rs. 65 per kg energy, by half to Rs. 35 per kg, a significant cost and energy saving for the estate.

2. **Agarakanda Estate** - High electricity consumption was a major factor in the Agarakanda green tea factory. We have implemented a system to use part of the heat generated from that boiler to feed to ballteas. This is a mechanism to use the extra energy generated instead of electricity for hot air. The boiler needs to run for 23 hours to complete the process, at the moment the boiler runs 24 hours and 12 hours of running heat generated is used for the ballteas.

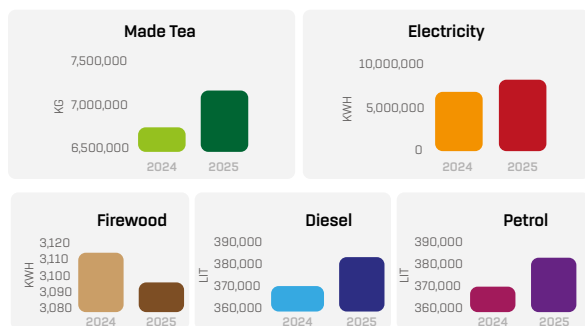
### ■ Green House Gas Modification

As part of our ongoing efficiency improvement initiatives, Hatton Plantations PLC conducted an assessment of our greenhouse gas (GHG) emissions, with a focus on identifying opportunities for GHG reduction. By introducing energy-efficient machinery and optimizing the energy mix used in operations, the Company successfully reduced reliance on both electricity and firewood across our estates.

Enhanced utilization of thermal energy further contributed to reducing electricity consumption. These efforts led to a significant decrease in carbon monoxide and carbon dioxide emissions, marking a positive step toward lowering the Company's overall carbon footprint.

The initiatives undertaken during the year had a notable impact on energy consumption across our operations. Over time, Hatton Plantations PLC has successfully reduced overall energy usage while enhancing the efficiency of energy deployment. These efforts have contributed to improved operational performance and strengthened the Company's position as a energy-efficient and sustainable plantation business.

Source	Unit	2024/25	2023/24	Variance %
Made Tea	KG	6,770,243	7,189,067	-5.8%
Electricity	kWh	6,682,151	8,163,172	-18.1%
Electricity	KVA	22,392	23,841	-6.1%
Firewood	MT	3,116.0	3,098.1	0.6%
Diesel	LIT	371,357	384,157	-3.3%
Petrol	LIT	74,395	79,635	-6.6%



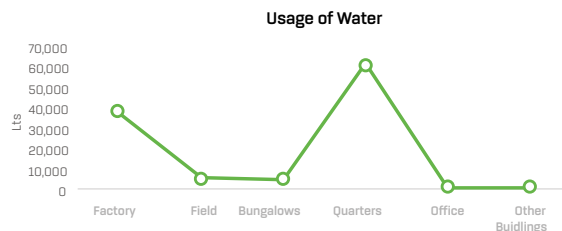
## Water

As part of our sustainability initiatives, Hatton Plantations PLC has consistently implemented water management and awareness initiatives across our plantations, tea factories, and workspaces. These are not limited to reduce and recycling efforts, but also to creating greater awareness on the need for water conservation and impact of water waste amongst plantation workers as well as operational teams.

The Company managed to optimize water usage in different and diverse activities, achieving an improved water consumption of 111,477 liters, reduced from 114,943 average of the last 3 years. This reflects the success of our ongoing efforts to enhance water efficiency.

### Usage of water



Lts in "000"	2025	2024	2023	2022
Factory	37,648	38,650	39,037	38,543
Field	5,820	6,297	6,341	6,188
Bungalows	4,700	4,797	5,358	5,364
Quarters	61,898	62,654	63,557	63,695
Office	597	610	616	620
Other Buildings	814	831	833	839
<b>Total</b>	<b>111,477</b>	<b>113,839</b>	<b>115,741</b>	<b>115,249</b>



Activity	Description
Rainwater harvesting	Rainwater is collected in tanks within the plantations and factories for reuse in the premises and in the production of tea. Further this supports soil conservation and maintaining soil health through preventing the erosion of plantation soil from excess rain. This also helps keep the soil moist during the dry season.
Awareness creation	Several awareness campaigns in our estates and the administrative offices were conducted to encourage staff to use water sparingly and reduce water waste.

Waste Management

Hatton Plantations PLC places strong emphasis on effective waste management as part of our sustainability agenda. The Company is dedicated to minimizing waste generation across all operations and has established robust systems to manage solid waste. Our factories and facilities are equipped with the necessary infrastructure to ensure responsible waste handling, preventing harmful discharge into the environment and supporting long-term environmental stewardship.

Type of impact	Action taken
Solid waste (bio degradable) 	Biodegradable solid waste is used in the production of compost fertilizer for crops
Solid waste collection points (non-biodegradable/ hazardous) 	Non-biodegradable waste such as plastics, glass and others are handed over to recycle partners authorized by the Central Environment Authority
	Pruning waste is used in the plantation soil to increase fertility and as a water retention method

## SOCIAL AND RELATIONSHIP CAPITAL

GRI 2-7, 8, 25, 28, 29, 203-1, 204-1, 207-3, 403-7



### HIGHLIGHTS

#### SUSTAINABLE DEVELOPMENT GOALS (SDGs)

##### Zero Hunger



- ✓ Provision of meals for estate workers
- ✓ **Rs. 3.4 million** was spent on free food to workers' children

##### Good Health and Wellbeing



- ✓ **Rs.24.4 million** spent on employee wellbeing and health
- ✓ Provision of health and sanitary facilities for estate communities

##### Decent Work and Economic Growth



- ✓ Investment of **Rs. 4.2 million** on developing housing and sanitary facilities in the estates
- ✓ Provided opportunities for growth through **Rs.21.5 million** on training and development
- ✓ Provision of opportunities for suppliers

#### Sustainable Cities and Communities



- ✓ Support and maintain welfare and childcare for estate workers spending **Rs. 40.8 million**
- ✓ Provision of housing and related infrastructure
- ✓ Saving lives from cooking and fire accidents through provision of safe cooking stoves to 2,114 workers and non worker families


Our Social and Relationship Capital captures a broad spectrum of stakeholders, ranging from customers and business partners to investors and regulatory bodies, each of whom is integral to our continued growth and sustainability. Our social and relationship capital represents the networks, relationships, and partnerships that enhance our value creation and operational success. This encompasses interactions with key stakeholders, compliance with standards, and our commitment to Corporate Social Responsibility (CSR).



At Hatton Plantations PLC, we recognize that our long-term success is built upon the strength of the relationships we cultivate with our diverse stakeholders—ranging from employees and communities to customers, buyers, regulatory authorities, and industry partners. These relationships are vital to the sustainability and resilience of our plantation operations.

During the year under review, Hatton Plantations PLC placed a strong emphasis on strengthening stakeholder relationships, guided by our core values of integrity, accountability, and ethical conduct. Our approach to social and relationship capital is rooted in a commitment to creating shared value, building long-term trust, and enhancing the well-being of the communities, partners, and stakeholders who are integral to our plantation ecosystem.

### Social and Relationship Capital profile



Employee Relations



Community Engagement



Partner Relations

Employee Relations

At Hatton Plantations PLC, our people are the foundation of our continued success. Their expertise, dedication, and commitment are central to sustaining our operations and delivering high-quality Ceylon Tea to markets worldwide.

We are committed to ensuring the well-being, dignity, and professional development of all employees. Competitive and fair compensation is provided in alignment with industry standards and statutory requirements, recognizing the value they bring to the business. Beyond remuneration, we offer a comprehensive range of non-financial benefits, including access to healthcare, housing, educational support for families, and welfare programs designed to uplift their quality of life.

Professional growth is supported through structured training and development initiatives across various functions. These

programs cover key areas such as sustainable agriculture, machinery handling, leadership development, occupational health and safety, and digital literacy—equipping our teams with the knowledge and skills needed to meet the evolving demands of the tea industry.

We are equally focused on fostering a safe, inclusive, and respectful workplace culture that promotes gender equality, values, diverse perspectives, and encourages open dialogue and collaboration. Through proactive engagement and transparent communication, we aim to nurture a work environment built on trust, motivation, and mutual respect.

By investing in our people, we not only enhance our operational excellence and product quality but also contribute meaningfully to the broader social and economic development of the regions in which we operate.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
<b>Employees</b>	■ Fair wages	■ Ensure employee well-being	■ Regular training sessions
	■ Professional development	■ Foster career growth	■ Competitive salary reviews
	■ Positive work environment	■ Maintain high job satisfaction	■ Employee feedback programs

A detailed description of HPL's employee engagement is provided on pages 63 to 72 on Human Capital section.

## Community Engagement

Hatton Plantations PLC recognizes the estate community as a vital and long-standing stakeholder in the plantation sector. Their contribution forms the backbone of our operations, and we remain firmly committed to supporting their well-being as part of our broader social responsibility agenda.

We provide a comprehensive array of facilities and support services aimed at enhancing their quality of life. These include access to housing, healthcare, education, childcare, and welfare programs designed to address both immediate needs and long-term development.

Through these sustained efforts, Hatton Plantations PLC aims to build resilient, inclusive, and empowered communities across all our estates-ensuring that the benefits of our growth are equitably shared with those who contribute to it. These initiatives have strengthened the bond between the Company and the estate community, fostering deeper trust, loyalty, and long-term mutual commitment.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
<b>Estate Workers</b>	■ Fair working conditions	■ Provide safe and fair working conditions	■ Safety protocols
	■ Health and safety measures	■ Promote skill enhancement	■ Skill training workshops
	■ Training on skill and knowledge development	■ Ensure worker satisfaction	■ Health and safety inspections

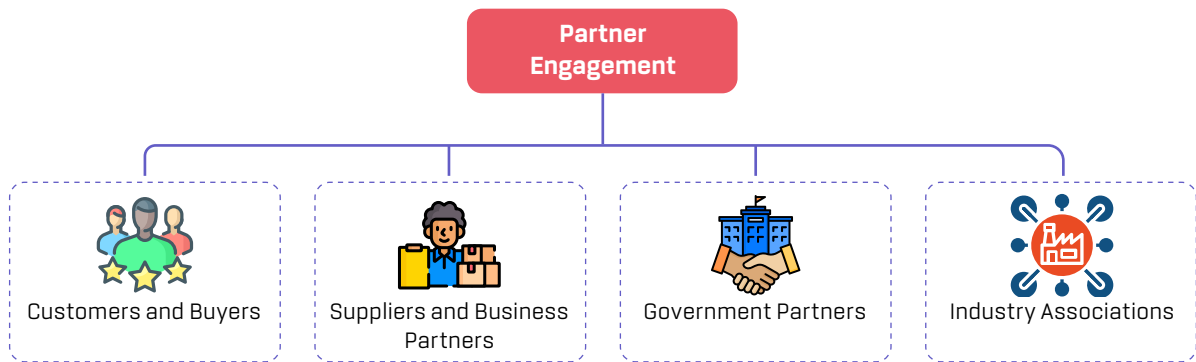
During the year under review, the Company invested Rs. 81.1 million on several key areas aimed at uplifting living standards and supporting community development. These include:

- **Housing and Infrastructure:** Significant investment was made in the construction, renovation, and maintenance of employee accommodation, ensuring safe, dignified, and hygienic living conditions.
- **Healthcare:** Estate-based medical centres continued to provide accessible healthcare services to employees and their families. These include routine medical check-ups, maternal care, and preventive health education.
- **Childcare and Early Childhood Development:** Crèche facilities and child development centres on our estates provide a safe, nurturing environment for children during working hours, enabling parents to work with peace of mind.

- **Education Support:** Educational infrastructure and school-related assistance, including the provision of learning materials and scholarships, were extended to the children of employees to encourage continuous learning and academic progress.
- **Welfare and Recreation:** The Company facilitated a variety of welfare programs, including nutritional support, community engagement initiatives, and organized activities to promote physical and mental well-being.

These initiatives not only reflect our deep-rooted commitment to estate community welfare but also contribute to long-term productivity, retention, and a more engaged and empowered workforce. By fostering sustainable communities within our estates, Hatton Plantations PLC continues to drive inclusive growth and shared value across all levels of the organization.

Partner Relations



Customers and Buyers

At Hatton Plantations PLC, our customers and buyers are central to our continued growth and long-term success. Earning their trust and confidence in our teas is a priority, and we are committed to building strong, lasting relationships through consistent quality, transparency, and responsiveness.

We continuously invest in enhancing the quality, consistency, and variety of our teas to deliver a memorable and positive experience under our brands. Our unique garden marks are widely recognized for producing premium teas that meet the discerning expectations of both local and international buyers.

Active and transparent communication is a cornerstone of our customer engagement strategy. We value feedback and use it as a critical input in product refinement, innovation, and service delivery—ensuring that we stay aligned with evolving market needs.

Our marketing and customer engagement division plays a pivotal role in creating meaningful interactions with our customers through curated tea experiences, direct engagement initiatives, and participation in industry fora. These efforts allow us to better understand customer preferences, strengthen brand loyalty, and reinforce our reputation for excellence.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
Customers	■ Customer engagement	■ Understand customer needs	■ Customer surveys
	■ High service standards	■ Maintain exceptional service	■ Service quality assessments
	■ Quality product delivery	■ Deliver quality products	■ Product quality control
			■ Feedback opportunities

Suppliers and Business Partners

The success of producing high-quality tea is closely tied to the strength and reliability of our suppliers and business partners. Hatton Plantations PLC relies on a consistent and timely supply of key inputs such as fertilizers, agrochemicals, and specialized support services—making these partnerships an essential component of our value creation process.

We are dedicated to fostering long-term, mutually beneficial relationships with our partners by engaging with transparency, professionalism, and a shared commitment to excellence. Maintaining these partnerships with diligence and care is central to our operational philosophy and business ethics.

We cultivate strong, transparent relationships with our suppliers and business partners through open

communication and accountability. In order to strengthen this trust, we regularly invite our business partners to visit our facilities, offering them a transparent view of our operations, quality assurance processes, and sustainability practices.

Our partner selection process is thorough and strategic. We work only with top-tier suppliers and service providers who demonstrate strong corporate governance, technical expertise, and alignment with our ethical and environmental standards.

By nurturing a network of dependable, ethical, and high-performing partners, Hatton Plantations PLC ensures the resilience of our supply chain and the continued excellence of our products in an increasingly competitive global market.

Stakeholder Group	Key Engagement Strategies	Objectives	Approach
Suppliers and Partners	■ Transparency	■ Strengthen partnerships	■ Regular performance reviews
	■ Trust-building	■ Ensure fair business practices	■ Clear communication channels
	■ Mutual benefit	■ Foster collaborative success	■ Joint development initiatives



Government and Regulatory Partners

Hatton Plantations PLC recognizes the vital role that government authorities and regulatory institutions play in enabling the continuity, compliance, and credibility of our operations. These entities are responsible for setting and monitoring the framework within which we operate, ensuring adherence to industry standards, legal requirements, and national development priorities.

Accordingly, we are fully committed to complying with all applicable laws, guidelines, and regulations issued by relevant government and regulatory bodies. Maintaining strong, transparent, and collaborative relationships with these stakeholders is essential for aligning our activities with national policy objectives and expectations.

Our engagement with government institutions is built on mutual respect, open dialogue, and proactive

communication. By fostering constructive relationships, we are better positioned to understand emerging regulatory trends, respond to compliance requirements in a timely manner, and contribute meaningfully to policy development where appropriate.

These partnerships are fundamental to advancing our strategic goals in regulatory compliance, community development, and sustainable agriculture—ensuring that Hatton Plantations PLC continues to operate responsibly and in harmony with the broader social and environmental objectives of the country.

Our operations are subject to oversight by various regulatory bodies to ensure compliance with relevant labor laws and industry standards.

Regulatory Framework	Purpose	Compliance Focus
Department of Labor	Ensures adherence to labor laws and regulations	<ul style="list-style-type: none"><li>■ Wage standards</li><li>■ Working conditions</li><li>■ Employee rights</li></ul>
Industrial Disputes Act	Resolves industrial disputes and promotes fair practices	<ul style="list-style-type: none"><li>■ Dispute resolution</li><li>■ Fair treatment of workers</li></ul>
Trade Union Act	Regulates trade union activities	<ul style="list-style-type: none"><li>■ Union formation</li><li>■ Collective bargaining</li></ul>

Industry Associations

As a leading plantation company, Hatton Plantations PLC maintains active membership in several key industry fora. Our participation in these associations is driven by a commitment to the collective advancement of the tea industry and the well-being of its stakeholders. These industry bodies play a pivotal role in advocating for shared interests, addressing common challenges, and promoting sustainable practices. Through these collaborative platforms, we contribute to policy dialogue, knowledge sharing, and strategic initiatives that support the long-term growth and resilience of the tea sector.

Association	Role	Matters Addressed	Engagement Approach
Tea Trade Associations	Representing industry interests	<ul style="list-style-type: none"><li>■ Market trends</li><li>■ Trade regulations</li><li>■ Industry standards</li></ul>	<ul style="list-style-type: none"><li>■ Regular meetings</li><li>■ Policy discussions</li><li>■ Collaborative projects</li></ul>
Planters' Associations	Addressing planter concerns	<ul style="list-style-type: none"><li>■ Daily wage issues</li><li>■ Working conditions</li><li>■ Collective bargaining agreements</li></ul>	<ul style="list-style-type: none"><li>■ Joint negotiations</li><li>■ Issue resolution fora</li><li>■ Collective action</li></ul>

Corporate Social Responsibility Initiatives

During the year, the company conducted several social responsibility initiatives with the engagement of staff and estate community in improving their wellbeing and living standards, as well as nature conservation. These include:

Blood donation campaigns

As a socially responsible organization, the Company conducts annual blood donation campaigns as part of its commitment to national welfare. These initiatives reflect our dedication to support critical healthcare needs across the country. Participation in these campaigns spans all levels of the organization, with employees contributing selflessly and wholeheartedly, demonstrating a shared spirit of compassion and civic responsibility



Blood donation campaign



Health checkups for employees

## Medical Camps

Expanding our commitment to community wellbeing, Hatton Plantations PLC organized a series of healthcare initiatives during the year. These included general medical camps and eye clinics aimed at serving estate communities, schoolchildren, and employees. As part of these efforts, we also conducted a spectacles donation project to support those with visual impairments.

Special focus was given to women's health, with dedicated awareness programs such as breast cancer screening and education campaigns. These initiatives underscore our ongoing awareness to enhancing the quality of life and promoting preventive healthcare within our communities.



## Leopard conservation

The Sri Lankan leopard (*Panthera pardus kotiya*), an endemic and endangered species, continues to face significant threats due to habitat loss, human activities, and limited public awareness. As a company committed to environmental sustainability and biodiversity conservation, Hatton Plantations PLC initiated a focused conservation program aimed at protecting this national treasure.

The primary objective of the initiative was to reduce the number of leopard fatalities—particularly in mountainous regions—by addressing the root causes,

including harmful practices within estate communities. Key activities included snare removal operations and a series of targeted awareness and education sessions for estate management, workers and non-working community members, schoolchildren, and youth across the estates.

A total of 13 educational and conservation programs were conducted across all HPL estates, engaging over 680 participants. These programs were delivered in collaboration with the Wildlife and Nature Protection Society (WNPS), Rainforest Alliance (RA), Department of Wildlife Conservation (DWC), and Department of Forest Conservation (DFC), enhancing community knowledge and fostering a culture of wildlife stewardship.

## Gender Champion Program

Hatton Plantations PLC, in collaboration with The Centre for Child Rights and Business, launched a comprehensive gender based awareness initiative aimed at promoting gender equity across its upcountry estates. As part of this initiative, four gender equity champions were selected from each estate, comprising a balanced representation of workers (one male and one female) and staff (one field officer and one welfare officer), ensuring inclusivity and diverse perspectives.

The initiative followed a structured, participatory learning approach, beginning with a three-day Gender Sensitization Workshop, followed by a two-day Grievance Redress Workshop. These sessions equipped the gender champions with a deep understanding of gender issues, cultural influences, and gender-responsive policies.

Subsequently, a three-day Training of Trainers (ToT) program was conducted for selected champions who demonstrated the aptitude to lead peer-to-peer learning. This ToT empowered them to facilitate awareness sessions for other estate workers, covering gender-based violence, grievance mechanisms, and the role of gender committees in fostering a fair and inclusive workplace.

### Key Objectives of the Program:

- To build a network of trained gender equity champions across Hatton Plantations
- To develop estate-level action plans aimed at gender transformation
- To establish a sustainable internal knowledge base for ongoing gender equity training

This program marked a significant step forward in creating a safer, more equitable, and inclusive environment within Hatton Plantations, with a long-term goal of institutionalizing gender-responsive practices at every level of the organization.





Clean Energy Cook Stove Project

In partnership with NilCarbon Ltd, Hatton Plantations PLC implemented a clean cookstove distribution initiative aimed at delivering health, environmental, and social benefits to estate communities.



Cook stove distribution



Health and Environmental Impact

The improved cook stoves reduced firewood consumption by up to 70%, significantly mitigating deforestation pressures and promoting sustainable forest resource management. Furthermore, the initiative addressed critical health concerns by reducing indoor air pollution-a leading cause of respiratory illnesses and eye infections-particularly among women and children who are most exposed to traditional cooking methods.

Alignment with Global and National Sustainability Goals

This pioneering project is recognized as the world's first cook stove project designed to contribute to all 17 United Nations Sustainable Development Goals (SDGs). It serves as a global benchmark for integrated sustainable development and aligns with Sri Lanka's long-term environmental and social strategies, including national objectives on climate action, gender equity, and poverty alleviation.

By empowering communities with cleaner technology, Hatton Plantations reinforced its commitment to sustainability, health, and inclusive development.

S/N	Estate Name	Cook stoves Quantity		Total
		Workers	Non Workers	
1	Wigton	90	80	170
2	Tangakelle	99	57	156
3	Agarakande	91	78	169
4	Henfold	82	94	176
5	Carolina	92	127	219
6	Ouvahkelle	88	78	166
7	Kenilworth	106	121	227
8	Waltrim	135	95	230
9	Vellaioya	58	54	112
10	Dickoya	48	125	173
11	Strathdon	59	85	144
12	Shannon	37	32	69
13	Abbotsleigh	62	41	103
Total Quantity		1047	1067	2114

## Community Needs Assistance

In response to a devastating fire incident that affected Shannon Estate community, Hatton Plantations PLC, in collaboration with the Lions Club, launched a coordinated emergency relief initiative to support the affected families and restore normalcy in their lives.

As part of this humanitarian response, essential food items, school stationery, and clothing were distributed to the impacted residents. Special attention was given to ensure school children could continue their education without disruption, while families received basic necessities to meet their immediate needs.



*Healthy foods for school children*



*Distribution of school bags*



*New Year celebration*

In addition to material aid, a free medical camp was organized, offering health check-ups and essential medicines. This initiative addressed both immediate health concerns and helped prevent the outbreak of secondary health issues often associated with post-disaster conditions.

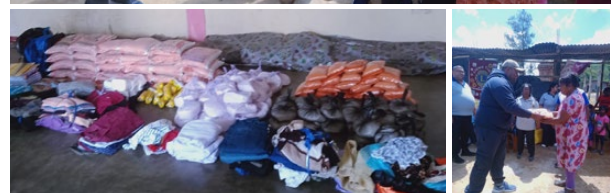


*Breast cancer awareness program for female associates*



*Health checkups for school children*

This compassionate and timely intervention reflects Hatton Plantations' ongoing commitment to social responsibility and community resilience, particularly in times of crisis. By working closely with partners such as the Lions Club, the Company continues to strengthen its support systems for estate communities and promote a culture of care and solidarity.



*Assistance of fire devastation with the assistance of Lions Club at Shannon Estate*





# Governance and Risk

- 104... CORPORATE GOVERNANCE
- 122... RISK MANAGEMENT
- 132... ANNUAL REPORT OF THE BOARD OF DIRECTORS
- 137... DIRECTORS' STATEMENT ON INTERNAL CONTROLS
- 139... STATEMENTS OF DIRECTORS' RESPONSIBILITY
- 141... STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR
- 142... REPORT OF THE AUDIT COMMITTEE
- 145... REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE
- 147... REPORT OF THE REMUNERATION COMMITTEE
- 149... NOMINATIONS AND GOVERNANCE COMMITTEE REPORT
- 153... RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR/ CEO AND CHIEF FINANCIAL OFFICER



## CORPORATE GOVERNANCE

GRI 2, 9-18, 405

Hatton Plantations is a renowned business entity in Sri Lanka, has been recognized as a top tea producer by the Colombo Tea Auction for five years in a row and is certified as a champion of governance and accountability. The Company is dedicated to maintaining an effective governance framework and robust risk management practices.

### Governance in 2024/25

In the financial year 2024/25, the tea industry in Sri Lanka faced a particularly challenging environment. Amidst these complexities, the Board of Directors of Hatton Plantations PLC played a critical role in navigating risks, transforming them into opportunities, and advancing the integration of technology as a proactive risk mitigation strategy.

Throughout the year, the Board maintained strict adherence to governance policies and international frameworks, ensuring full compliance with all legal and regulatory requirements. A robust system of internal controls underpinned these efforts, supported by the establishment of a comprehensive Risk Management Framework. The integration of Environmental, Social, and Governance (ESG) principles into the Company's corporate governance

structure further underscored the Board's commitment to ethical conduct and transparency in both financial and ESG initiative.

The 7th Annual General Meeting of Hatton Plantations PLC was held with the participation of shareholders, the Chairman, and Board Committee members. Shareholders' queries were duly addressed, reinforcing the Company's dedication to transparent and accountable leadership.

Hatton Plantations PLC continues to operate under a strong governance and risk management framework designed by the Board of Directors. This framework not only ensures ethical business practices but also fosters a culture of environmental and social responsibility. By holding itself accountable to all stakeholders, the Company remains well-positioned to

overcome challenges and advance toward its long-term strategic objectives.

Hatton Plantations PLC's governance approach, founded on the equitable balancing of stakeholder interests, has been instrumental in driving our sustainable development and strengthening our corporate reputation. The Company is committed to maintaining the highest standards of governance by:

- Strict compliance with all applicable regulatory requirements
- Integration of voluntary codes and best practice principles
- Embedding accountability, transparency, and responsibility throughout all business operations



## Governance Framework

### Regulatory



- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Continued Listing Re Requirements of the Colombo Stock Exchange
- The Shop and Office Employees Act No. 15 of 1954
- Factories Ordinance No. 45 of 1942
- Inland Revenue and other relevant acts
- Industrial Disputes Act
- Factories Ordinance
- Workmen's Compensation Ordinance

### Internal Documents



- Articles of Association
- Board Charter
- Policy framework
- Collective Agreements entered into between the EFC, the CESU, and NESU

### Voluntary Standards, Codes & Frameworks



- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2023
- Integrated Reporting Framework
- Global Reporting Initiative Standards
- Quality standard certifications obtained by companies

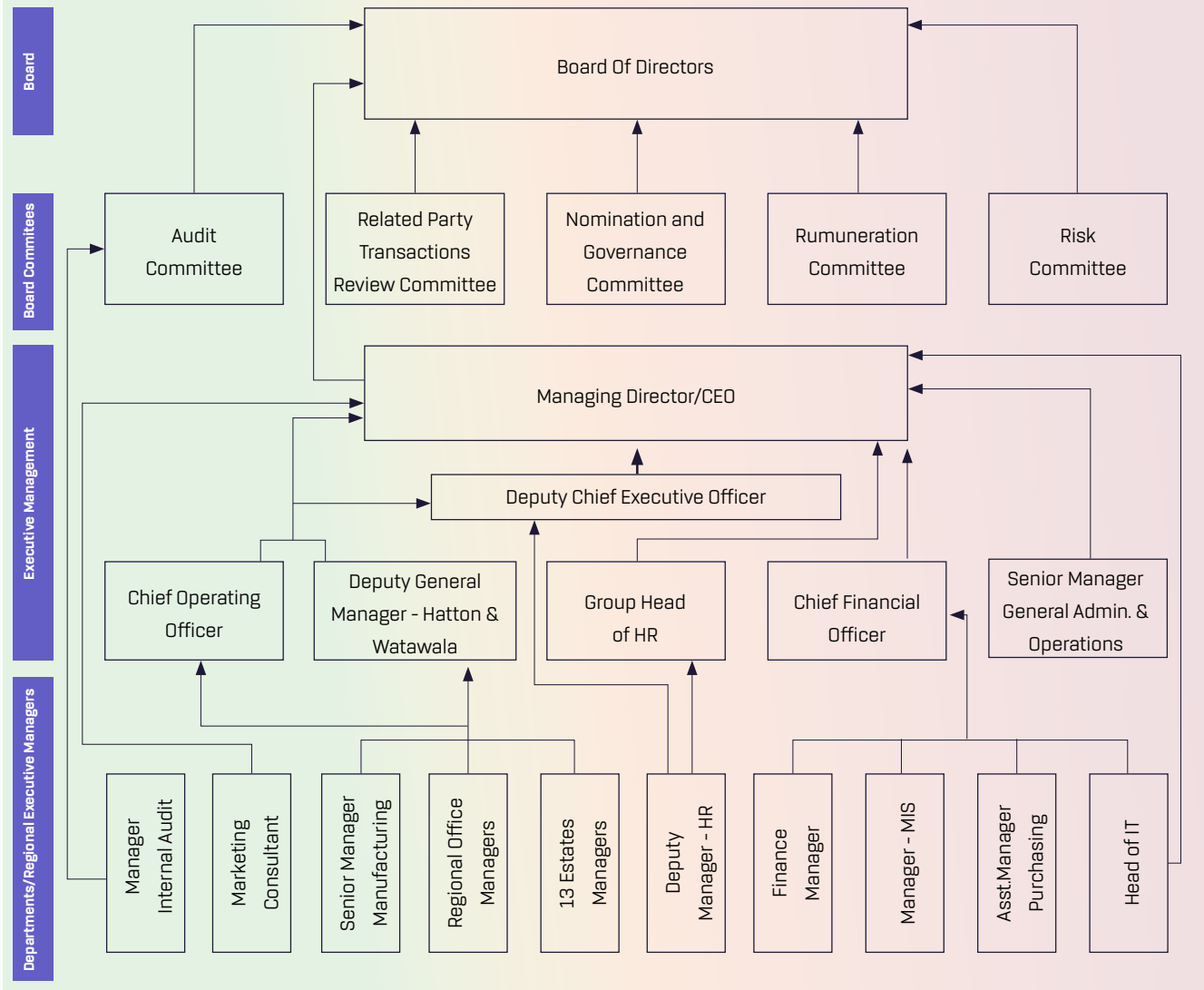
### Key Governance Practices



- Combination of independent and non- independent directors
- Shareholders have right to call for special meeting

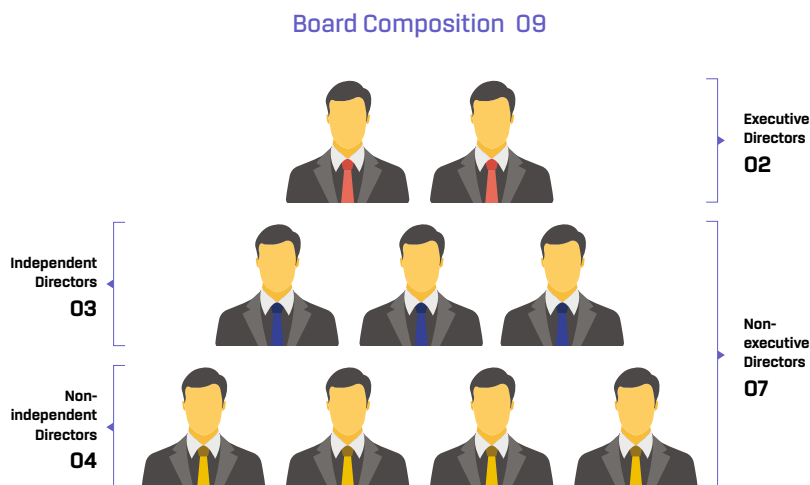
GOVERNANCE STRUCTURE

This robust governance structure ensures that Hatton Plantations PLC consistently meets stakeholder expectations and mitigates risks effectively, fostering long-term value creation.



## Composition of the Board

The Board of Directors of Hatton Plantations PLC comprises distinguished professionals with extensive experience in key areas such as plantation management, export marketing, the tea industry, banking, and finance. Detailed profiles of the directors are presented on pages 34 to 37.



## Board Committees

The Board has established five (05) primary committees to support its functions and responsibilities:

- Audit Committee
- Remuneration Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee
- Risk Management Committee

Each committee is provided with all necessary resources to carry out their responsibilities effectively. The Company Secretary acts as the secretary for these committees. Once the minutes of each committee meeting are finalized, they are forwarded to all directors.

Each sub-committee is composed of directors with the relevant expertise and independence to effectively oversee their respective areas of responsibility.

Audit Committee	Risk Management Committee	Remuneration Committee	Related Party Transaction Review Committee	Nominations and Governance Committee
02 Independent Non-Executive Directors	2 Independent Non-Executive Directors	2 Independent Non-Executive Directors	02 Independent Non-Executive Directors	02 Independent Non-Executive Directors
01 Non-Independent Non-Executive	01 Non-Independent Non-Executive Directors	1 Non-Independent Non-Executive Director	1 Non-Independent Non-Executive Director	1 Non-Independent Non-Executive Director

Audit Committee	Risk Management Committee	Remuneration Committee	Related Party Transaction Review Committee	Nominations and Governance Committee
<b>Mandate</b>				
<p>The Committee overseeing the integrity of financial reporting, monitoring internal controls and risk management systems:</p> <ul style="list-style-type: none"> <li>■ Integrity of Financial Statements: Ensuring alignment with Sri Lanka Financial Reporting Standards.</li> <li>■ Compliance: Adherence to legal and regulatory requirements, including the Companies Act and other relevant financial reporting regulations.</li> <li>■ External Auditor Independence and Performance: Assessing the independence and effectiveness of the external auditor.</li> </ul>	<p>The Committee oversees and supervises the management's financial reporting process to ensure:</p> <p>Internal Control and Risk Management: Evaluating the adequacy and effectiveness of the Company's internal control and risk management systems over the financial reporting process.</p>	<p>The Committee is dedicated to ensuring that the total remuneration package is competitive, aiming to attract the best talent for the benefit of the company.</p>	<p>The Committee independently reviews all related party transactions to ensure the company's compliance with the rules outlined in the SEC's Code of Best Practice.</p>	<p>The Committee independently reviews, evaluate, select, appoint and re-appoint Directors of the Company to ensure the company's compliance with the rules outlined in the SEC's Code of Best Practice.</p>
Refer to pages 142 to 144 for Audit Committee Report	Refer to pages 122 to 131 for Risk Management Report	Refer to pages 147 to 148 for Remuneration Committee Report	Refer to pages 145 to 146 for Related Party Transactions Review Committee Report	Refer to pages 149 to 152 for Nominations and Governance Committee Report



Expertise Profile of the Board

The Board of Hatton Plantations PLC comprises individuals with a broad spectrum of expertise spanning business management, financial and management accounting, plantation operations, engineering, and marketing. This diversity of professional backgrounds supports a well-balanced, strategically focused, and informed leadership team.



Anti-Corruption and Ethical Conduct

Hatton Plantations PLC maintains a strong commitment to ethical business practices, guided by the standards set forth in its Code of Conduct. This Code defines the expected behavior for all employees and addresses critical areas such as conflicts of interest, payments to third parties, political contributions, and the integrity of financial records, controls, and reporting.

All new employees receive structured training on the Code upon induction, reinforcing the Company's zero-tolerance approach to corruption. Continuous awareness is promoted through consistent enforcement and reinforcement of these principles across all levels of the organization.

To ensure accessibility and clarity, the Code is communicated in all three working languages. Furthermore, the Company's competency framework and performance appraisal processes emphasize ethical conduct as a core component of professional excellence. Documented disciplinary actions for Code violations are recorded in employee personnel files and used as key indicators for proactive management oversight.

This report is aligned with the structure of the Code of Best Practice on Corporate Governance, as outlined in the following sections.

Code of Best Practice on Corporate Governance

Hatton Plantations PLC adheres to the Code of Best Practice on Corporate Governance, ensuring transparency, accountability, and sound decision-making across all levels of the organization.

The Company

- Directors
- Directors' remuneration
- Accountability and audit

Shareholders

- Institutional investors

Sustainability

## A - DIRECTORS

### A.1: THE BOARD

The Board of Directors consists of eight members: two are Executive Directors, two are Non-Executive Independent Directors, and four are Non-Executive Non-Independent Directors.

### FREQUENCY OF BOARD MEETINGS

The Board convenes quarterly to review the performance of the past quarter and discuss future objectives. Additional Board meetings are called whenever the Board deems it necessary. The Audit Committee, a subcommittee of the Board, also holds quarterly meetings, with extra sessions scheduled as needed.

The Estate Management, Regional Executive Committee, and Corporate Management Committee meet monthly to evaluate performance against the strategic plan and budgets, identifying issues that require intervention and escalation to the Board.

### Board Meeting

Name of Director	Status	Attendance
Mr. Gary Seaton	E	04/04
Mr. Menaka Athukorala	E	04/04
Mr. Gowri Shankar	NED	04/04
Mr. Hiro Bhojwani	NED	02/04
Mr. Indrajith Fernando	SINED	04/04
Mr. Uditha Palihakkara Resigned on 1st January 2025	INED	02/03
Mr. Damascene Perera	NED	04/04
Mr. Lucille Wijewardena	NED	03/04
Mr. Mayura Fernando Appointed on 1st January 2025	INED	1/1
Mr. Aravinda De Silva Appointed on 16th January 2025	INED	0/0

### Audit Committee

Name of Director	Status	Attendance
Mr. Indrajith Fernando	SINED	05/05
Mr. Uditha Palihakkara Resigned on 1st January 2025	INED	04/04
Mr. Gowri Shankar	NED	05/05
Mr. Mayura Fernando Appointed on 1st January 2025	INED	01/01

### Risk Management Committee

Name of Director	Status	Attendance
Mr. Menaka Athukorala	E	01/01
Mr. Indrajith Fernando	SINED	01/01
Mr. Uditha Palihakkara Resigned on 1st January 2025	INED	01/01
Mr. Gowri Shankar	NED	01/01
Mr. Lucille Wijewardena	NED	01/01
Mr. Mayura Fernando Appointed on 1st January 2025	INED	0/0

### Remuneration Committee

Name of Director	Status	Attendance
Mr. Indrajith Fernando	SINED	01/01
Mr. Uditha Palihakkara – Resigned on 1st January 2025	INED	01/01
Mr. Gowri Shankar	NED	01/01
Mr. Mayura Fernando – Appointed on 1st January 2025	INED	0/0

### Related Party Transactions Committee

Name of Director	Status	Attendance
Mr. Indrajith Fernando	SINED	04/04
Mr. Uditha Palihakkara – Resigned on 1st January 2025	INED	03/03
Mr. Gowri Shankar	NED	04/04
Mr. Mayura Fernando – Appointed on 1st January 2025	INED	01/01

**E** – Executive, **NED** – Non-Executive, **INED** – Independent Non-Executive, **SINED** – Senior Independent Non-Executive

### Nomination and Governance Committee

Name of Director	Status	Attendance
Mr. Indrajith Fernando	SINED	01/01
Mr. Uditha Palihakkara Resigned on 1st January 2025	INED	01/01
Mr. Gowri Shankar	NED	01/01
Mr. Mayura Fernando Appointed on 1st January 2025	INED	0/0

**E** – Executive, **NED** – Non-Executive, **INED** – Independent Non-Executive, **SINED** – Senior Independent Non-Executive

## BOARD ATTENDANCE AND RESPONSIBILITIES

### RESPONSIBILITIES OF THE BOARD

The Board of Directors of Hatton Plantations PLC reviews and refines business strategies, particularly in response to periods of depressed commodity prices. Strategic oversight is supported by the executive management committee, chaired by the Managing Director/CEO, which evaluates performance metrics and considers new strategic initiatives and operational approaches prior to submitting recommendations for Board deliberation.

Information is channeled efficiently to the executive management committee through estate and departmental managers, ensuring timely and informed decision-making. Both the five-year strategic plan and the annual budget are reviewed by the executive management committee before being submitted to the Board for approval, enabling focused discussion and accelerated decision-making on critical matters.

The executive management committee, which supports strategic decision-making, comprises the managing director/chief executive officer, chief financial officer, general manager – administration and forestry, group head of human resources, marketing consultant, and group manager. To enhance communication and feedback, a secondary executive committee consisting of estate managers and department heads has been established.

This committee facilitates the flow of information to operational units and provides valuable insights to inform executive management discussions.

To ensure leadership continuity, the Company has implemented a formal succession planning process for key positions, supported by targeted training aligned with identified development needs.

The Board of Directors remains fully committed to upholding all applicable laws, regulations, and ethical standards. To support this commitment, the Company has developed a comprehensive compliance checklist, a summary of which is provided on pages 120 to 121 of this Report.

The Company's Board of Directors places a strong emphasis on stakeholder interests when making corporate decisions. In line with its commitment to operational efficiency, the Company has implemented a range of cost optimization initiatives, as outlined in the Managing Director's/CEO's Review. Additionally, Corporate Social Responsibility (CSR) continues to be a strategic priority, with key initiatives highlighted in relevant sections of this Report.

### COMPLIANCE WITH RELEVANT LAWS AND INDEPENDENT PROFESSIONAL ADVICE

The Board ensures adherence to all applicable legal and regulatory requirements. A comprehensive list of relevant laws and the Company's compliance status is provided on page 105 of this report.

When necessary, the Board engages external experts for professional advice in areas including legal matters, taxation, actuarial services, valuation of biological assets, product development, process improvement, and productivity enhancement. Additionally, any director may seek independent professional advice at the Company's expense to support the effective discharge of their duties.

## COMPANY SECRETARY

Corporate Advisory Services (Private) Limited serves as the Company Secretary, providing dedicated support to the board of directors at all Board meetings. They offer expert guidance on regulatory compliance matters pertaining to the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka. In addition, they are responsible for preparing and maintaining accurate minutes of each Board meeting, which are reviewed at subsequent meetings to ensure timely and effective follow-up on Board decisions.

All Directors have unrestricted access to the Company Secretary for advice and assistance. The appointment or removal of the Company Secretary is a matter reserved for the collective decision of the full Board.

## INDEPENDENT JUDGMENT

The Board of Directors maintains a strong commitment to independent oversight and sound governance practices of the nine Directors, serve in a Non-Executive capacity, including two who are classified as Independent. Drawing on their diverse and extensive experience, all Directors are able to exercise independent judgment in the decision-making process without any undue influence. The Chairman facilitates full and active participation by all members during Board discussions.

## DIRECTOR'S DEDICATION OF TIME AND EFFORT

In addition to attending scheduled Board meetings, Directors remain available for consultation as needed. Board materials are circulated well in advance to allow for thorough review, and all questions raised by members are addressed either prior to or following each meeting. During the reporting period, the Board convened 04 times, as outlined on page 110 and affirms that the non-executive directors demonstrated a strong commitment by allocating adequate time and attention to their responsibilities throughout the year.

## TRAINING FOR DIRECTORS

Director training decisions are made at the Board level. Where appropriate, directors may be nominated for specialized overseas training and study tours. The executive director has taken part in multiple international study tours focused on plantation management outside Sri Lanka.

## A.2: CHAIRMAN AND MANAGING DIRECTOR/CEO

Both the Chairman and the Managing Director/CEO serve as executive directors of the Board and the Company, with a clear delineation of their respective roles and responsibilities to maintain effective governance.

## A.3: CHAIRMAN'S ROLE

The Chairman leads Board meetings, fostering active engagement from all members while ensuring a balanced representation of Executive, Non-Executive, Independent, and Non-Independent Directors. The Managing Director/CEO, together with the chief financial officer, presents comprehensive operational performance updates and supports the Board in maintaining full oversight and control of the Company's affairs.

## A.4: FINANCIAL ACUMEN

The Board comprises individuals with financial expertise, including chartered accountants and chartered management accountants, as outlined below:

- Mr. Indrajith Fernando - FCA, FCMA, MBA
- Mr. Mayura Fernando - FCA, FCMA, BSC
- Mr. Lucille Wijewardena - FCA, MBA



## A.5 BOARD BALANCE

The Board consists of seven non-executive directors, accounting for 78% of the total Board membership, including three independent directors. The Company's non-executive directors are as follows:

**Mr. Gowri Shankar:**

*Non-Executive, Non-Independent Director*

**Mr. Hiro Bhojwani:**

*Non-Executive, Non-Independent Director*

**Mr. Indrajith Fernando:**

*Non-Executive, Independent Director*

**Mr. Mayura Fernando:**

*Non-Executive, Independent Director*

**Mr. Aravinda De Silva:**

*Non-Executive, Independent Director*

**Mr. Damascene Perera:**

*Non-Executive, Non-Independent Director*

**Mr. Lucille Wijewardena:**

*Non-Executive, Non-Independent Director*

The three independent directors referenced above maintain complete independence from management and have no business affiliations that could impair their objective judgment. Each independent non-executive director has provided a Declaration of Independence in compliance with the Corporate Governance Best Practices Code.

The Board has formally confirmed the independence of the following non-executive directors:

Mr. Indrajith Fernando

Mr. Mayura Fernando

Mr. Aravinda De Silva

For comprehensive details on the full Board of Directors, please see pages 34 to 37.

Any unresolved concerns regarding Directors are recorded by the Secretary in the meeting minutes and circulated to the Board ahead of the next Board meeting, during which the minutes are reviewed and approved. To date, no such issues have been reported within the Company.

## A.6: SUPPLY OF INFORMATION

The Board meets on a quarterly basis, with additional meetings convened as deemed necessary. Directors are provided with comprehensive documentation to support informed decision-making, including:

- \* Quarterly financial statements, reviewed and recommended by the audit committee.
- \* Minutes of the previous Board meeting, along with updates on action items.
- \* Summaries from monthly internal performance review meetings.
- \* Capital expenditure proposals with supporting rationale.
- \* Updates on borrowings and deposit positions.
- \* Reports on inventory levels and produce stock holdings.
- \* Statements detailing statutory payments.
- \* Financial and operational forecasts for the upcoming quarter.
- \* The Annual Business Plan.
- \* Other material developments or issues requiring Board attention.
- \* A detailed performance presentation by the Managing Director/CEO covering the review period.

Board materials are distributed in advance, with all documents referenced under Section A6 circulated to members no later than seven days prior to each meeting. Directors may request supplemental information as needed to facilitate effective oversight.

## A.7: APPOINTMENTS TO THE BOARD

The Board holds the responsibility for appointing new Directors and nominating qualified professionals for Board membership. In evaluating potential candidates, the Board assesses its existing composition to ensure that the collective expertise and experience of its members align with the Company's strategic objectives. Appointments are made only upon the completion of this assessment. For further information on the current Board of Directors, please refer to pages 34 to 37 of this report.

### A.8: RE-ELECTION

At the Company's first Annual General Meeting (AGM), all directors appointed during the year, excluding the Managing Director/CEO and those elected by shareholders at the prior AGM, shall retire from office. In each subsequent year, one-third of the directors, other than the Managing Director/CEO, shall retire by rotation at the AGM in accordance with the Company's Articles of Association. Retiring directors are eligible for reappointment.

### A.9: APPRAISAL OF BOARD PERFORMANCE

The Board of Directors evaluates its performance against the company's strategic objectives, typically during each Board meeting. This assessment, which considers both forward-looking opportunities and potential challenges, includes a review of the following key areas:

- Historical performance and results
- Formulation and evaluation of a sound business strategy
- Effectiveness of the Managing Director/CEO and executive management in meeting established performance benchmarks
- Implementation and oversight of robust information, control, and audit systems
- Risk identification, prevention, and mitigation efforts
- Compliance with applicable legal, regulatory, and ethical standards

### A.10: DISCLOSURE OF INFORMATION REGARDING DIRECTORS

- Comprehensive profiles of the directors are presented on pages 34 to 37 of this report.
- Disclosures of related party transactions can be found on pages 229 to 231.
- Attendance records for Board meetings are detailed on pages 110 to 111.
- Information regarding the Board Committees on which each director serves, along with their respective attendance, is provided on pages 110 to 111.

### A.11: Appraisal of Managing Director/CEO

The Board evaluates the performance of the Managing Director/CEO based on the achievement of the company's short- and medium-term objectives, as well as the ability to deliver on future strategic goals. As part of this process, the Managing Director/CEO submits a comprehensive performance report to the Chairman.

At the beginning of each financial year, a detailed budget is developed and submitted to the Board for approval. Following Board approval, the Managing Director/CEO is assigned clearly defined performance targets aligned with the approved budget. Any material deviations from the budget, particularly related to capital expenditures, must receive prior authorization from the Board.

At the close of the financial year, the Board conducts a formal performance evaluation of the Managing Director/CEO, benchmarked against the company's actual results and strategic objectives.

## B - DIRECTORS' REMUNERATION

### B.1 REMUNERATION PROCEDURE

Executive Directors receiving salaries from the Company are remunerated based on prevailing market rates and are eligible to participate in defined incentive programs. Annual salary adjustments are determined through a formal performance appraisal conducted at the close of the financial year. The Company does not maintain an executive share option plan, and no severance payments have been made in instances of early termination. All directors receive a fee for their service to the Company.

### B.2: REMUNERATION COMMITTEE

The Board of Directors is responsible for determining the remuneration of the Managing Director/Chief Executive Officer. In setting this remuneration, the Board benchmarks against remuneration practices at comparable companies.

Executive directors who receive their remuneration from the Company are also eligible for performance-based incentives, with clearly defined targets established at the beginning of each financial year.

The Company does not operate a share option plan or a pension plan.

The remuneration committee's report is presented on pages 147 to 148 of this document. In addition, the Board approves the overall remuneration framework for senior management. Further details regarding Directors' remuneration are provided in Note 8 of the financial statements, while information on management remuneration is included on pages 147 to 148 under Reward and Recognition.

### **B.3: DISCLOSURE OF REMUNERATION**

The Remuneration Committee's report, located on pages 147 to 148, provides details on the members of the Remuneration Committee and the remuneration policy. Information regarding the remuneration of Executive Directors and key managers is presented on page 231 of this report.

The Remuneration Committee Report, found on pages 147 to 148, outlines the composition of the committee and the Company's remuneration policy. Details regarding the compensation of executive directors and key management personnel are disclosed on page 231 of this report.

## **C - RELATIONS WITH SHAREHOLDERS**

### **C.1: CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM)**

In compliance with the Companies Act No. 07 of 2007, the company secretary ensures that all shareholders are provided with timely and adequate notice of the annual general meeting (AGM). The annual report is distributed concurrently with the AGM notice to facilitate informed participation.

Shareholders are encouraged to engage actively in the proceedings, with the Board of Directors addressing all pertinent questions. The chair of the audit committee, the chief financial officer, and relevant division heads are in attendance to provide additional insight and respond to shareholder inquiries.

### **C.2 COMMUNICATION WITH SHAREHOLDERS**

The AGM is scheduled to be held on 15th August 2025.

Proxy forms, including a summary of the voting process, are circulated to all shareholders along with the annual report.

A designated counter is set up on the day of the AGM to receive and verify proxy submissions.

### **C.3 MAJOR AND MATERIAL TRANSACTIONS**

To promote transparency and effective decision-making, the Company presents separate resolutions for materially distinct matters. The adoption of the report and financial statements is tabled as an independent agenda item. The Chairpersons of the Audit Committee, Risk Committee, Remuneration Committee and Nomination and Governance Committee are also present at the meeting to respond to shareholder concerns.

There were no major transactions conducted during the financial year under review, as defined by Section 185 of the Companies Act No. 07 of 2007.

## **D - ACCOUNTABILITY & AUDIT**

### **D.1 FINANCIAL REPORTING**

In the preparation of the annual and quarterly financial statements, the Company complies with the following regulations and standards:

- Companies Act No. 07 of 2007
- Sri Lanka Financial Reporting Standards (SLFRS)
- Listing Rules of the Colombo Stock Exchange

The list below details the publication dates for the quarterly financial reports, in accordance with the Listing Rules:

- First Quarter: 13th August 2024
- Second Quarter: 13th November 2024
- Third Quarter: 7th February 2025
- Fourth Quarter: 28th May 2025

The Annual Report, covering the full financial year, is prepared at year-end. All price-sensitive information, including director appointments and retirements, is promptly disclosed to the Colombo Stock Exchange (CSE).

- The directors' report is presented on pages 132 to 136.
- The going concern statement is available on page 133.
- A comprehensive risk assessment is provided on pages 122 to 131.
- The industrial structure, developments, opportunities, and threats are discussed in the chairman's and managing director/CEO's report on pages 23 to 31.
- The Board's responsibility for the financial statements, along with the auditors' report, is detailed on pages 139 to 140 and pages 156 to 159, respectively.
- The directors' report on page 133 affirms the Company's status as a going concern.

The Company's net assets have consistently remained above 50% of shareholders' equity, demonstrating a strong financial position.

## D.2 RISK MANAGEMENT & INTERNAL CONTROLS

The Board of Directors retains ultimate responsibility for ensuring the effectiveness of the Company's internal control framework. This responsibility is largely delegated to the audit committee, which oversees the internal control environment and monitors financial reporting integrity.

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on

pages 122 to 131. The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. It reviews and approves the annual internal audit plan prepared taking into consideration the required controls and risks attached to different areas of operation.

The audit committee reviews all management accounts and instructs the internal audit team to perform targeted audits in areas requiring further examination beyond the scope of routine reviews. Internal audit reports are submitted quarterly to the audit committee, which evaluates key findings in meetings attended by the internal auditor, the Managing Director/ Chief Executive officer, and the Chief Financial Officer.

At the end of each financial year, the Company engages its external auditors, Deloitte Partners, to conduct a limited review. The results of this review are presented and discussed in depth at audit committee meetings. The committee also reviews the year-end Management Letter from the external auditors during the final audit committee meeting of the financial period.

## D.3 AUDIT COMMITTEE

The Board of Directors has delegated to the audit committee the responsibility for selecting and implementing the Company's accounting policies, overseeing the integrity of financial reporting, monitoring internal controls and risk management systems, and maintaining an effective relationship with the Company's external auditors. All accounting policies are reviewed and agreed upon in consultation with the external auditors.

The Audit Committee comprises three Non-Executive Directors:

- Mr. Indrajith Fernando, Independent Non-Executive Director and Chairman of the Audit Committee, is a former President of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).



- Mr. Mayura Fernando, Independent Non-Executive Director, is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenapura and was a Partner of KPMG Ford Rhodes Thornton & Company.
- Mr. Gowri Shankar, Non-Executive Director, is an experienced banking professional with a Bachelor's degree in Machine Design and Automation Engineering from the National Institute of Technology (NIT), Jalandhar, India, and an MBA in Finance and Systems from NIT Warangal, India.

The audit committee conducts periodic evaluations of the external auditors' independence. Prior to accepting any additional engagements within the Company, the external auditors consult with management and proceed only if the services are directly related to audit and assurance matters. Deloitte Partners, the Company's external auditors, exclusively provide assurance-related services.

The audit committee functions in accordance with clearly defined guidelines set by the Board of Directors, as outlined in the Audit Committee Report on pages 142 to 144.

## D.5 RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transactions Review Committee, appointed by and responsible to the Board of Directors, and comprise of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman of the Committee is an Independent Non- Executive Director.

The Committee established guidelines for the Senior Management to follow, for recurrent related party transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with

the Committee's guidelines and that the related party transactions remain appropriate.

## D.6 CODE OF BUSINESS CONDUCT AND ETHICS

The Company reinforces its commitment to ethical business conduct by routinely requiring executive directors and senior managers to acknowledge and sign its business ethics policy. This policy outlines key principles in the following areas:

1. Management of conflicts of interest in relation to Company operations
2. Conduct in dealings with customers, government authorities, and labor
3. Confidentiality of Company documents, records, and data
4. Ethical engagement with suppliers
5. Adherence to high standards of professional conduct

All transactions involving related parties are disclosed in accordance with applicable regulations and classified as related party transactions. The Company remains fully compliant with the Code of Best Practice on Corporate Governance, as jointly issued by the Securities and Exchange Commission of Sri Lanka and The Institute of Chartered Accountants of Sri Lanka.

Further, the Company has formalized its ethical framework and business conduct standards through an employee handbook, which is disseminated across all levels of the organization. This handbook consolidates comprehensive policies on ethical behavior and corporate responsibility. The human resources division is tasked with the periodic review and continuous improvement of these policies to ensure alignment with evolving governance standards and operational requirements.

## D.7 CORPORATE GOVERNANCE DISCLOSURES

The Company complies with the Code of Best Practice on Corporate Governance, jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

In accordance with the regulatory requirements of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka, the Company issues quarterly financial statements, accompanied by the necessary explanatory notes, ensuring transparency and accountability to all stakeholders. Furthermore, any material financial or non-financial information that may be price-sensitive or of significance to shareholders and stakeholders is disclosed to the public in a timely and accurate manner.

## E - INSTITUTIONAL INVESTORS

The Company ensures proactive engagement with shareholders, prospective investors, investment banks, and other key stakeholders through its company secretary and the secretarial and financial services departments. Institutional shareholders are encouraged to participate in the annual general meeting and to exercise their voting rights. All regulatory notifications and disclosures are disseminated to them in a timely and efficient manner.

## F - OTHER INVESTORS

Throughout the year, the Company engages stockbrokers to publish independent research reports offering comprehensive analyses of its operations. In addition, the annual report provides a detailed review of the Company's performance and strategic initiatives.

## G - INTERNET OF THINGS AND CYBER SECURITY

### IT GOVERNANCE

The Board holds the primary responsibility for overseeing technology and information governance to ensure the Company and Group achieve their strategic objectives. They have established essential infrastructure, organizational frameworks, policies and procedures to effectively govern its digital assets, systems and information.

IT and Digital infrastructure development is a key necessity for Hatton Plantations PLC and investment in IT and digitalization is a priority for the Company. In doing so, the Company also takes note of the many pitfalls of cyber-attacks and hacking and has implemented several policies to ensure a stringent framework to protect the Company's intellectual property. Our IT Department is responsible for implementing the Company and Group digital strategy including adopting IT policies and safeguarding against cyber threats. Heads of IT and Consultants are assigned clear responsibilities and timely reporting to the Board. Matters are discussed at Management Committee meetings with matters escalated to the Board where it is deemed necessary considering risk, impact, and other prudential measures.

Rule No.	Requirement	Compliance	Reference in this Report
<b>7.10.1 Non-Executive Directors (NED)</b>			
(a)	At least two Directors, or one-third of the Board, must be NEDs.	Complied	Principle A1
<b>7.10.2 Independent Directors (ID)</b>			
(a)	At least two or one-third of NEDs, whichever is higher, should be Independent	Complied	Principle A1
(b)	Each NED is required to submit a declaration of independence.	Complied	Available with the Secretaries for review
<b>7.10.3 Disclosure relating to Directors</b>			
	The Board will annually assess the independence of NEDs. The names of IDs will be disclosed in the Annual Report (AR).	Complied	Directors' profiles
	The basis for the Board's determination of independence when the specified criteria are not met.	Complied	Directors' profiles

Rule No.	Requirement	Compliance	Reference in this Report
	A brief resume of each Director, highlighting their areas of expertise, should be included in the AR.	Complied	Directors' profiles
	Submit a brief resume of the newly appointed Directors to the Board, including details specified in sections 710.3 (a), (b), and (c), to the CSE.	Complied	Directors' profiles
<b>710.5 Remuneration Committee (RC)</b>			
The RC of the listed parent company may serve as the RC.			
(a)	<b>Composition of RC</b> Shall consist of Non-Executive Directors, the majority of whom will be independent.	Complied	RC Report
(b)	<b>Functions of RC</b> The RC shall recommend the remuneration for the Managing Director and NEDs.	Complied	RC Report
	<b>Disclosure in the Annual Report relating to RC</b> Names of Directors comprising the RC Statement of Remuneration Policy Aggregated remuneration paid to NED/NIDs and NED/IDs	Complied	RC Report on Pages 147 to 148
<b>710.6 Audit Committee (AC)</b>			
The Company shall have an AC			
(a)	<b>Composition of AC</b> Shall comprise of NEDs a majority of whom will be Independent A NED shall be appointed as the Chairman of the Committee. Managing Director and Chief Financial Officer (CFO) should attend AC meetings The Chairman of the AC or one member should be a member of a professional accounting body	Complied	Corporate Governance and the Board Committee Reports
(b)	<b>Functions of AC</b> Overseeing of the –  Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards Assessment of the independence and performance of the external auditors Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor	Complied	Corporate Governance and the Board Committee Reports
(c)	<b>Disclosure in the Annual Report relating to AC</b> Names of Directors comprising the AC The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination The Annual Report shall contain a Report of the AC setting out the manner of compliance with their functions	Complied	Corporate Governance and the Board Committee Reports
	<b>Related Party Transactions Review Committee</b> The Committee, consisting of the following Directors, will oversee and approve both recurrent and non-recurrent related party transactions in accordance with the Group's policy guidelines.	Complied	Corporate Governance Report

## Compliance Report for the Financial Year Ended 31 March 2025

	Reporting party institute / personnel	Subject	Responsibility	Deadline	Status of Compliance
Statutory	Inland Revenue	Income Tax Payment	CFD / MD	30th September	Complied
		Income Tax Return		30th November	Complied
		VAT Payment		20th of the following month	Complied
		VAT Return		30th of the following month end of quarter	Complied
		APIT Return		30th April	Complied
		APIT Payment		15th of the following quarter	Complied
		WHT/AIT Payment		15th of the following month	Complied
		WHT/AIT Annual Return		30th April	Complied
		Stamp Duty Return and Payment		15th of the month following Quarter	Complied
		Assessment/Default notices		On given dates	Complied
Regulatory	Department of Labour	EPF/CPPS/ Payment	CFD/MD	30th of the following month	Complied
	ETF Board	ETF Payment		30th of the following month	Complied
	Department of Labour	Gratuity – Provision/Payment		Within one month of resignation	Complied
	SLAASMB	Publishing of Annual Financial Report		By 30th September 2025	Complied
		All Financial Reports are prepared in accordance with SLFRS		-	Complied
	CSE/SEC	Quarterly Financial Report		15th of the month after month following the Quarter	Complied
		Annual Financial Report		30th of September 2025	Complied



	Reporting party institute / personnel	Subject	Responsibility	Deadline	Status of Compliance
Compliance with internal procedure	Finance Department	Monthly Financial Statements	CFO/MD	10th of the following month	Complied
		Interim Financial Statements		10th of the following month	Complied
	Chairman and BOD	The board approval obtained for any new projects/ Investment/venture the company is planning to embark upon		Relevant Papers to be delivered to directors 7 Days before the board meeting	Complied
	Insurance	Insure all the business assets to mitigate losses		On going	Complied

## Statement of Compliance

Based on the foregoing, the Board affirms that the Company is in full compliance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka (2017), as well as the Corporate Governance Rules of the Colombo Stock Exchange. Compliance rules and GRI index are summarised and presented on pages No 248 to 460 of the Annual Report.

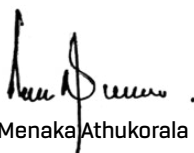
The Board further confirms that all statutory obligations to the Government, regulatory bodies, and employees have been duly fulfilled in a timely manner.

Accordingly, the Board declares that the Company maintains full compliance with all applicable corporate governance requirements and operates under a strong and effective Corporate Governance Framework to guide and oversee its operations.

Initialed by all responsible officers as above.



**Annemarie Outschoorn**  
Chief Financial Officer



**Menaka Athukorala**  
Managing Director/ CEO

RISK MANAGEMENT

GRI 122

The plantation sector operates within a dynamic environment shaped by a range of external and operational uncertainties. During the financial year 2024/25, Hatton Plantations PLC demonstrated resilience in the face of external risks and impacts, supported by the robust and adaptive risk management strategies implemented by the Company.

Hatton Plantations PLC continues to adopt a proactive and structured approach to risk identification, assessment, and mitigation through its established risk management framework. This disciplined process enables the Company to safeguard operational continuity, remain aligned with its corporate objectives, and maintain resilience amid uncertainty.

Risks and Response

Internal Risks

During the year under review, Hatton Plantations PLC encountered several internally driven risks, including workforce-related challenges, operational disruptions, and compliance obligations. These challenges were effectively managed through robust internal controls, HR policies, contingency planning, and financial safeguards.

External Risks

The Company also remained exposed to risks beyond its immediate control, such as macroeconomic shifts, climatic variability, pest and disease outbreaks, and fluctuating market conditions during the last financial year. These external pressures were addressed through the Company's dynamic risk monitoring process, which enabled timely response and mitigation of potential impacts.

	People	Operations	Finance
Internal	People risks	<div>■ Business continuity risks</div> <div>■ Compliance risk</div>	Financial risks
External	Labor market risks	<div>■ Climate risks</div> <div>■ Pests and diseases</div> <div>■ Supply chain risks</div>	Market risks Macroeconomic risks

Structured Risk Approach

- Step 1: Risk Identification
- Step 2: Risk Evaluation
- Step 3: Risk Controlling and Reporting
- Step 4: Risk Monitoring and Reviewing
- Step 5: Risk Mitigation Measures

## Risk Identification:

- Hatton Plantations PLC systematically scans internal operations and the external environment to detect potential threats.
- Focus areas include risks that may impact:
  - Business continuity
  - Financial performance
  - Stakeholder value
- Risk identification involves collaboration across all organizational levels, ensuring input from key stakeholders.
- Emphasis is placed on understanding strategic, operational, financial, and compliance-related risks.
- Early detection facilitates timely analysis and supports informed, risk-aligned decision-making.
- All identified risks are aligned with the Company's defined risk appetite.

## Risk Evaluation:

- Each identified risk is assessed based on:
  - Potential impact on the Company
  - Likelihood of occurrence
- Hatton Plantations PLC employs a structured risk assessment methodology.
- Risks are prioritized to focus on those that:
  - Pose the greatest threat to strategic objectives
  - May disrupt operational continuity
- The evaluation process supports:
  - Informed decision-making
  - Effective resource allocation for mitigation and control
- Ensures a proactive approach to managing significant risks

## Risk controlling & Reporting:

- Hatton Plantations PLC implements stringent internal controls to manage identified risks.
- Risks are actively monitored to ensure they remain within acceptable thresholds.
- The Company uses structured reporting mechanisms to:
  - Communicate risk exposures,
  - Outline response strategies,
  - Report on residual risk levels.
- Regular updates are provided to senior management and the Audit Committee.
- This approach:
  - Enhances accountability,
  - Facilitates timely and informed decision-making,
  - Ensures integration of risk insights into strategic planning and operational execution.

## Risk Monitoring and Reviewing

- Hatton Plantations PLC continuously monitors identified risks to detect changes in severity, likelihood, or impact.
- Conducts regular reviews to evaluate the effectiveness and relevance of existing risk controls.
- Ensures risk management strategies remain responsive to a dynamic operating environment.
- Facilitates timely adjustments to risk controls and mitigation plans as needed.
- Aligns risk oversight with the company's risk appetite, regulatory obligations, and strategic goals.

Risk Mitigation Measures

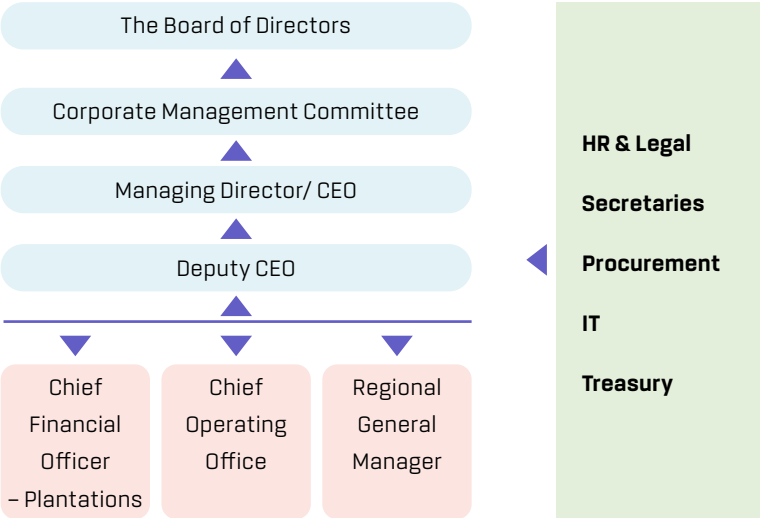
- The Company implements targeted strategies to minimize the likelihood and impact of identified risks.
- Establishes robust internal controls across operations.
- Diversifies operational processes to enhance flexibility and reduce dependency risks.
- Invests in climate-resilient practices to counter environmental uncertainties.
- Conducts workforce training to strengthen risk responsiveness and preparedness.
- Carries out regular reviews to ensure mitigation measures align with evolving risks and the Company's overall risk appetite.
- Aims to safeguard business continuity and protect stakeholder value through proactive mitigation efforts.

Risk Governance Framework

Hatton Plantations PLC recognizes that robust risk governance is fundamental to the achievement of its strategic objectives and the safeguarding of stakeholder value. Effective risk oversight not only supports prudent decision-making but also enhances the Company's long-term resilience in an increasingly complex operating environment.

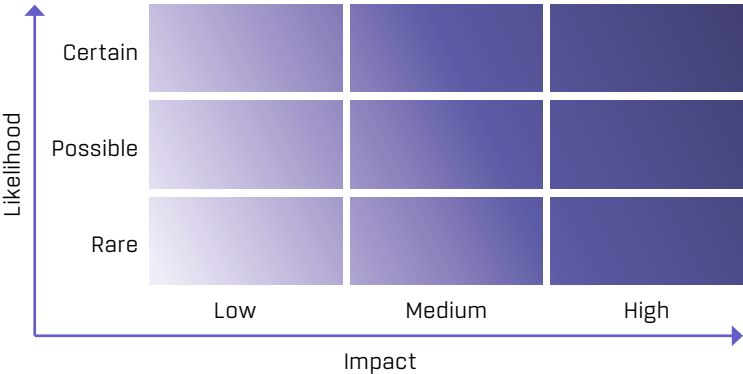
The Company's integrated risk management framework is designed to systematically identify, assess, and mitigate risks across all levels of the organization. This framework is operationalized through a collaborative, tiered governance structure involving

the Board of Directors, the Corporate Management team, and estate-level management. By fostering cross-functional coordination and open channels of communication, the Company ensures that risk exposures are continuously monitored and maintained within acceptable parameters.



Risk assessment and mapping













Hatton Plantations PLC assesses the likelihood of risk events by analyzing historical occurrences and evaluating the effectiveness of existing preventive controls. Based on this evaluation, each risk is categorized as high, medium, or low. The potential impact of these risks is similarly appraised, considering estimated losses and the scale of their consequences, and classified using the same tiered system. The resulting risk profile reflects the organization's risk appetite and informs the Management Committee's approach to formulating and reviewing appropriate mitigation strategies.

















## Risk Landscape and Management Strategies

The following table highlights the key risk exposures identified for the financial year under review, their potential impacts on the Company, and the corresponding mitigation strategies adopted.









Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
STRATEGIC RISK						
01. High production cost	High 	High 	High 	High 	<ul style="list-style-type: none"><li>■ Reduction in global competitiveness.</li><li>■ High financial unsustainability risk.</li><li>■ Limited investment in replanting and capital growth.</li></ul>	<ul style="list-style-type: none"><li>■ Introduce task-based contracts for unskilled work</li><li>■ Outsource non-core activities</li><li>■ Increase mechanization in field and factory operations</li><li>■ Train and motivate workforce to boost productivity</li><li>■ Offer task- and norm-based incentives</li><li>■ Adopt revenue-sharing in harvesting</li><li>■ Shift towards less labor-intensive crops</li></ul>
02. Shortage of input materials	High 	Medium 	High 	High 	<ul style="list-style-type: none"><li>■ Lower yields and output</li><li>■ Quality issues and reputational risk</li><li>■ Revenue decline</li><li>■ Higher operating costs</li><li>■ Strain on working capital</li></ul>	<ul style="list-style-type: none"><li>■ Close monitoring of field and factory operations for quick response</li><li>■ Active coordination with authorities and suppliers</li><li>■ Maintain input stock levels to ensure uninterrupted production</li><li>■ Ensure access to surplus working capital and banking facilities</li></ul>
03. Inflation	High 	Medium 	High 	High 	<ul style="list-style-type: none"><li>■ Low yields and poor crop quality</li><li>■ Working capital limitations</li><li>■ Financially unsustainable estates</li><li>■ Higher production costs reducing global competitiveness</li></ul>	<ul style="list-style-type: none"><li>■ Collaborative government lobbying</li><li>■ Use of cost-effective alternatives</li></ul>

Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
04. Extreme weather conditions	High !	High !	High !	High !	<ul style="list-style-type: none"> <li>■ Crop loss</li> <li>■ Property damage</li> <li>■ Plucking and processing delays</li> <li>■ Revenue decline</li> <li>■ Extra worker support costs</li> </ul>	<ul style="list-style-type: none"> <li>■ Manage buffer stock and purchased leaf intake to stabilize working capital and revenue.</li> <li>■ Conserve forests and water bodies to manage soil moisture.</li> <li>■ Expand rainwater harvesting infrastructure.</li> <li>■ Apply pre-drought spraying to tea crops.</li> <li>■ Adjust fertilizer use and harvesting schedules.</li> <li>■ Manage shade trees and mulch weed piles for moisture retention.</li> <li>■ Supply water bowsers and tanks during dry spells.</li> <li>■ Mobilize estate welfare societies for disaster response support.</li> </ul>
05. Volatility of tea market	High !	High !	High !	High !	<ul style="list-style-type: none"> <li>■ Profit, revenue, and liquidity shortfalls</li> <li>■ Limited capital for expansion</li> </ul>	<ul style="list-style-type: none"> <li>■ Maintain timely plucking and field inputs.</li> <li>■ Provide regular staff and executive training.</li> <li>■ Conduct market and buyer analysis to enhance product perception.</li> <li>■ Uphold international quality standards and certifications.</li> <li>■ Expand product range with leafy grades and green tea.</li> <li>■ Centralize manufacturing to ensure consistent quality.</li> <li>■ Analyze grade performance to focus on high-demand products.</li> </ul>
06. High dependence on tea and limited revenue generation	High !	High !	High !	High !	<ul style="list-style-type: none"> <li>■ Reduced profitability from lower yields, weak market prices, and rising tea production costs.</li> <li>■ Underutilized assets.</li> <li>■ Unabsorbed overhead costs.</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion into commercial timber.</li> <li>■ Diversification into coffee and cinnamon.</li> <li>■ Development of hydropower, tea center, and holiday bungalows.</li> </ul>

Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
OPERATIONAL RISK						
07. Around 40% reliance on purchased leaf.	Medium 	High 	Moderate 	Moderate 	<ul style="list-style-type: none"><li>■ Decline in product quality from substandard raw materials, lowering market price.</li><li>■ Reduced made tea output and rising production costs.</li><li>■ Increased supplier bargaining power, raising input costs.</li><li>■ Reduced focus on internal productivity and good agricultural practices.</li><li>■ Profit loss due to declining Net Sale Average.</li><li>■ Risk of noncompliance with Tea Board regulations.</li></ul>	<ul style="list-style-type: none"><li>■ Executives evaluate and approve purchased leaf for production.</li><li>■ Internal audit checks quality and weight of the leaf.</li><li>■ Premiums are paid for high-quality leaves.</li><li>■ Replanting and infilling are done on company-owned lands.</li><li>■ Estate workers harvest low-yield areas under revenue-sharing.</li><li>■ Senior management monitors KPIs across crops, land, labor, and production.</li><li>■ Weekly sales reviews guide stock disposal strategies to optimize prices and minimize losses.</li><li>■ Leaf is sourced directly from individual suppliers, not intermediaries.</li><li>■ Internal audit and estate managers ensure compliance with tea board regulations.</li></ul>
08. Around 40% Reliance on CTC tea production	Medium 	High 	Moderate 	Moderate 	<ul style="list-style-type: none"><li>■ CTC tea prices are consistently lower than Orthodox and leafy varieties.</li><li>■ Monthly CTC prices often fall below expectations and budget targets.</li><li>■ Results in reduced revenue, profitability, and RPC ranking.</li></ul>	<ul style="list-style-type: none"><li>■ Shift leaf production to orthodox, leafy, and green tea for higher market value.</li><li>■ Initiate facility setup for leafy and green tea manufacturing.</li><li>■ Maintain low production costs for CTC tea.</li><li>■ Boost made tea output.</li></ul>
09. Credit Risk	Low 	Low 	Low 	Low 	<ul style="list-style-type: none"><li>■ Working capital and liquidity issues</li><li>■ Reputational damage</li><li>■ High credit costs and limited discounts</li><li>■ Legal and compliance risks</li></ul>	<ul style="list-style-type: none"><li>■ Finance team ensures timely cash flow planning.</li><li>■ Tea sales via Colombo Tea Auction are settled within seven days through Tea Brokers.</li><li>■ Invoices are issued promptly, with diligent debtor follow-up.</li><li>■ Credit periods are monitored to ensure timely creditor payments.</li><li>■ Government leases and financial obligations are settled monthly and on time.</li></ul>

Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
10. Asset risk	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>■ Manufacturing disruptions (temporary or permanent)</li> <li>■ Increased production costs and capital losses</li> <li>■ Compensation for injury or loss of life</li> <li>■ Legal and compliance issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Ensure comprehensive insurance coverage for all physical assets.</li> <li>■ Provide regular employee training on fire safety, motor accidents, and factory protocols.</li> <li>■ Maintain executive oversight and internal audits for asset protection.</li> <li>■ Log and maintain machinery under scheduled supervision and timely replacement plans.</li> </ul>
11. Risk of tea stock accumulation	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>■ Decline in quality and price across catalogues</li> <li>■ Revenue loss from theft, shrinkage, or obsolescence</li> <li>■ Costs incurred from holding inventory</li> </ul>	<ul style="list-style-type: none"> <li>■ The finance team analyses weekly stock levels and forecasts inventory for the next three weeks, working with marketing to optimize pricing, revenue, and disposal decisions.</li> <li>■ Monthly reviews of input material stocks are conducted to adjust procurement strategies.</li> <li>■ Internal audit performs physical checks to identify obsolete or slow-moving items and reduce stock losses.</li> </ul>
12. Risks related to lack of effective internal controls	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>■ Fraud and wastage-related financial losses</li> <li>■ Capital loss and going concern risks</li> <li>■ Non-compliance with regulations</li> </ul>	<ul style="list-style-type: none"> <li>■ The internal audit department conducts audits across operations, management, finance, and investigations.</li> <li>■ Finance and audit teams enforce standard operating procedures (SOPs) through formal circulars.</li> <li>■ All estate-related financial transactions are verified by the finance department and overseen by two managers.</li> <li>■ Estates submit monthly operational plans to the head of plantation for prior approval.</li> <li>■ The managing director and senior management conduct monthly reviews to monitor performance and address risks.</li> </ul>



Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
13. Data security risk	High 	Low 	Low 	Moderate 	<ul style="list-style-type: none"> <li>■ Delayed information hampers timely decision-making and profit optimization.</li> <li>■ Disruptions in financial reporting.</li> <li>■ Security breaches.</li> <li>■ Financial and operational losses.</li> </ul>	<ul style="list-style-type: none"> <li>■ A dedicated IT team ensures data security, privacy, and confidentiality through strong systems and controls.</li> <li>■ Disaster recovery is supported by effective backup procedures at both estates and head office.</li> <li>■ Internet and email usage are monitored to maintain security and compliance.</li> <li>■ Licensed software and branded hardware are used to safeguard and optimize operations.</li> <li>■ Estate locations receive prompt IT support from the head office and regional service providers.</li> <li>■ Strengthened internal controls help prevent fraud and malpractice.</li> <li>■ Internal audits regularly assess the resilience of IT systems.</li> <li>■ Aims to minimize both financial and non-financial losses.</li> </ul>
14. Human capital and labor risk	Low 	Low 	Low 	Low 	<ul style="list-style-type: none"> <li>■ Labor shortages on estates</li> <li>■ Lack of skilled labor and low productivity</li> <li>■ Union pressures affecting operational decisions</li> <li>■ Difficulty in retaining and developing talent</li> <li>■ Limited mobility of labor across estates</li> </ul>	<ul style="list-style-type: none"> <li>■ Support workers' welfare via estate cooperative and welfare societies.</li> <li>■ Ensure regulatory compliance for worker benefits.</li> <li>■ Leverage government and NGO grants for worker wellbeing.</li> <li>■ Maintain positive trade union relations through regular dialogue.</li> </ul>

Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
15. Procurement risk	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>Rising production costs</li> <li>Lower revenue due to weak auction prices</li> <li>Fertilizer and chemical delays in critical weather</li> <li>Factory breakdowns affecting operations</li> </ul>	<ul style="list-style-type: none"> <li>Centralize procurement process</li> <li>Source from reputable suppliers.</li> <li>Maintain buffer stocks of key inputs.</li> <li>Secure forward purchase agreements.</li> <li>Diversify supplier base for sourcing.</li> <li>Offer advances and prompt payments.</li> <li>Provide transport support to suppliers.</li> </ul>
16. Vulnerability to pests and diseases	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>Revenue loss</li> <li>Rising costs</li> </ul>	<ul style="list-style-type: none"> <li>Regular field supervision by agro consultants</li> <li>Adoption of TRI best practices</li> </ul>
17. Spread of diseases/ pandemics	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>Decreased revenue and profits.</li> <li>Higher operational costs.</li> <li>Adverse impact on working capital.</li> </ul>	<ul style="list-style-type: none"> <li>Implement strict health and immunity measures for workers and staff.</li> <li>Ensure field and manufacturing comply with government health guidelines.</li> <li>Communicate regularly with authorities to prevent disease spread.</li> <li>Supply free sanitary materials and facilities.</li> <li>Provide financial support to workers.</li> <li>Run awareness programs for workers and communities.</li> <li>Offer remote work options for staff and executives.</li> <li>Maintain digital links with banks and suppliers.</li> </ul>
<b>FINANCIAL RISK</b>						
18. Investment risk	Low ▲	Low ▲	Low ▲	Low ▲	<ul style="list-style-type: none"> <li>Failure to meet project profitability expectations.</li> <li>Deficiencies in long-term replanting programs.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct feasibility studies with external experts and finance team.</li> <li>Review and approve projects in management committee and board meetings.</li> <li>Monitor progress regularly to meet budget and timelines.</li> <li>Invest in capital assets to optimize production in key factories.</li> </ul>

Risk Factor	Risk Evaluation				Potential Impact	Risk Management Strategy
	Severity	Probability	Rating 2023/24	Rating 2024/25		
19. Inflation Risk ■ Currency devaluation ■ Import restrictions ■ Supply shortage	Low ▲	Low ▲	Low ▲	Low ▲	■ High production costs reduce competitiveness. ■ Liquidity and working capital shortages. ■ Insufficient capital investment. ■ Decline in real asset value.	■ Tight cost control. ■ Process improvements. ■ Centralized manufacturing and administration.
20. Interest rate risk	Low ▲	Low ▲	Low ▲	Low ▲	■ Increased finance costs and lower profits. ■ Difficulty funding capital projects and growth. ■ Poor returns on new investments.	■ Prioritize capital investments with internal funds. ■ Leverage government concessions for plantations. ■ Match financing terms: short-term borrowings for short-term assets, long-term for long-term. ■ Continuously balance debt and equity.
21. Liquidity risk	Low ▲	Low ▲	Low ▲	Low ▲	■ Increased borrowing costs and loss of cheap funding. ■ Fewer procurement choices and costly credit terms. ■ Reputation harmed by defaults and delays.	■ Keep buffer cash in short to medium-term fixed deposits. ■ Use available concessionary funding for plantations. ■ Finance team plans and controls cash flow weekly and monthly. ■ Management closely reviews estate payments, prioritizing essential expenses. ■ Apply budget control per estate, aligning expenses with crop intake and sales. ■ Hold input materials only as needed, except for required buffer stocks.
22. Non-compliance with related regulations and policies	Low ▲	Low ▲	Low ▲	Low ▲	■ Fines and legal fees ■ Reputation loss ■ Business disruption	■ Audit committee conducts periodic reviews. ■ Internal audit team reviews and reports regularly. ■ CFO reviews statutory obligations monthly and reports to the Board. ■ External audit reviews annually. ■ Compliance reports discussed at every board meeting.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Hatton Plantations PLC (the Company) have pleasure in presenting their report on the affairs of the Company together with the audited Consolidated Financial Statements of the Group for the year ended 31st March 2025. The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007 ("the Companies Act"), the Listing Rules of the Colombo Stock Exchange, the Code of best practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and are guided by recommended best accounting practices.

The Annual Report for the period ended 31 March 2025 which covers business strategy, strategic imperatives and future orientation, share-related information and reviews on risk management, governance and sustainability and stakeholder relationships.

The Financial Statements were reviewed and approved by the Board of Directors on 23rd June 2025.

### PRINCIPAL ACTIVITIES

During the year, the principal activities of the Group and the Company were cultivation, manufacturing and sale of Orthodox and CTC Tea.

The subsidiaries of the Company, Mark Marine Services (Private) Limited, a Hydro Power Company is engaged in generating hydro power to national grid.

There was no significant change in the nature of business of the Group and the Company during the period that may have a significant impact on the state of affairs of the Company.

### REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

A review of the financial and operational performance and future business developments of the Company's business segments are discussed in the Chairman's report on pages 23 to 26, Managing Director/CEO's review on pages 27 to 31 and Management Discussion and Analysis on pages 40 to 101.

These reports together with the Audited Financial Statements (pages 156 to 238 and financial review (pages 16 to 21) provide a comprehensive assessment on the financial performance, financial position and the state of affairs of the Group and the Company.

The Directors, to the best of their knowledge and belief, confirm that the Group and the Company has not engaged in any activities that contravene laws and regulations.

### GROUP STRUCTURE

The Group Structure is given on page no. 106.

### FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Group and the Company for the period ended 31 March 2025 duly signed by the Chief Financial Officer, two of the Directors of the Company are given on pages 160 to 238 which form an integral part of the Annual Report of the Board of Directors.

### DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements of the Group and the Company to represent a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Financial Reporting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. The Statement of Directors' Responsibility for Financial Reporting is given on pages 139 to 140 and forms an integral part of the Annual Report of the Board of Directors.

### AUDITOR'S REPORT

Company's Auditors, Messrs. Deloitte Partners, carried out the statutory audit on the Consolidated Financial Statements of the Group and the Company for the period ended 31 March 2025 and the report on those Financial Statements is given on pages 156 to 159 of this Annual Report.

## SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group and the Company in the preparation of Financial Statements are stated on pages 167 to 185. There were no material changes in the Accounting Policies adopted with those of the last year.

## GOING CONCERN

The Directors, after making necessary inquiries and reviews, including reviews of the Group's and the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risk, cash flows and borrowing facilities, have a reasonable expectation that the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

## GROUP REVENUE

The revenue of the Group during the year was LKR 7,709.9 Mn (2024 LKR 7,724.9 Mn). An analysis of the Group's revenue, profits and asset allocation relating to different segments are given in Note 05 (pages 185 to 186) to the Financial Statements.

## FINANCIAL RESULT

The Group profit before taxation, amounted to LKR 1,045.3 Mn (2024-LKR 1,130.8 Mn) during the period under review. After charging LKR 326.4 Mn (2024 – LKR. 236.2 Mn) for taxation, the Group Profit after tax for the period was LKR 718.9 Mn (2024 – LKR 894.6 Mn). The Group profit attributable to equity holders of the parent and non-controlling interest were respectively LKR 716.8 Mn and LKR 2.0 Mn (2024 – LKR 893.5 Mn and LKR 1.1 Mn).

## STATED CAPITAL AND RESERVES

The stated capital of the Group as at 31 March 2025 was LKR 1.8 Bn comprising 236,666,670 ordinary shares and 1 Golden share. There were no changes in the stated capital during the period.

Total Group reserves at 31st March 2025 amounted to LKR 3,235.6 Mn (2024 – LKR 2,854.9 Mn) comprising retained earnings of LKR 3,219.8 Mn. (2024 – Rs. 2,838.3 Mn). The movement in reserves during the period is shown in the Statement of Changes in Equity in the Financial Statements.

## DIVIDEND ON ORDINARY SHARE

During the financial year 2024-25, the following dividend was declared and distributed to the shareholders:

- ✦ Interim Dividend of LKR 1/- per share paid on 24th December 2024, amounted to LKR 236.7 Mn (2023-24 – LKR 236.7 Mn and LKR 473.4 Mn)

The Directors have confirmed that the Company satisfies the Solvency test requirement under Section 56 of the Companies Act for the interim dividend paid and Solvency Certificate was obtained from the Company External Auditors in respect of the interim dividends paid.

## CORPORATE DONATIONS

During the period 2024/25 the Company has made donations amounting to LKR 5.7 Mn (2024 – 3.8 Mn).

## PROVISION FOR TAXATION

The profit of the Company is liable for income tax at 30%. Dividend Income is liable at 15%.

Tax of the Mark Marine Services (Private) Limited is calculated using tax rate of 30% and profit from other activities of Mark Marine Services (Private) Limited are taxed at 30%.

The Group has also provided deferred tax on all known temporary differences under the liability method as permitted by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes". Information on the income tax and deferred tax of the Group and the Company is given in note 10 to the Financial Statements.



## CAPITAL EXPENDITURE

The total capital expenditure on purchase and construction of Property, Plant and Equipment, and expenditure incurred on immature plantations by the Group as at 31 March 2025 amounts to LKR 90.1 Mn (2024 – LKR 103.6 Mn) and LKR 248.2 Mn (2024 – LKR 248.7 Mn) respectively. The movement in Property, Plant and Equipment and Bearer Plants are set out in Note 14, 15 and 16.1 to the Financial Statements.

## PROPERTY, PLANT AND EQUIPMENT

Total value of the Property, Plant and Equipment of the Group as at 31 March 2025 amounted to LKR 1,412.6 Mn (2024 – LKR 1,455.2 Mn). The details of Property, Plant and Equipment are given in Note 14 to the Financial Statements.

## STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to employees and the Government Institutions have been made up to date. The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on pages 139 to 140.

## EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date, which would require adjustments in the Financial Statements, except for the disclosure made under Note 40 on page 238.

## DIRECTORS' INTEREST REGISTER

In compliance with the Companies Act No. 07 of 2007, the Company maintained the Interest Registers. Particulars of Entries in the Interest Register are set out in Note 38 to the Financial Statements.

## SHAREHOLDING

As at 31 March 2025, there were 16,266 registered shareholders. Information on the distribution of shareholding, categories of shareholders and the percentage holding of twenty largest shareholders is indicated on pages 244 and 246.

## GOLDEN SHAREHOLDER

Rights of the Golden Shareholder as given in the Articles of Association of the Company are disclosed in note 25 to the Financial Statements.

## EQUITABLE TREATMENT TO SHAREHOLDERS

It is the Group's policy to endeavor to ensure equitable treatment to its shareholders. The Company has at all times ensured that all shareholders are treated equitably.

## DIRECTORS' INTEREST IN TRANSACTIONS

The Directors of the Company made the general disclosures provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Note 38 to the Financial Statements have dealt with related party disclosures and include details of their interests in transactions. The shareholdings (No. of shares) of Directors are as follows:

Name of Director	No of shares As at 31st March 2025	No of shares As at 31st March 2024
Mr. Gary Seaton	Nil	Nil
Mr. Menaka Athukorala	Nil	Nil
Mr. Gowri Shankar	Nil	Nil
Mr. Hiro Bhojwani	Nil	Nil
Mr. Indrajith Fernando	Nil	Nil
Mr. Mayura Fernando Appointed w.e.f. 1st January 2025	Nil	Nil
Mr. Uditha Palihakkara Resign w.e.f. 1st January 2025	Nil	Nil
Mr. Aravinda De Silva Appointed w.e.f. 16th January 2025	Nil	Nil
Mr. Damascene Perera	200,100	200,100
Mr. Lucille Wijewardena	Nil	Nil

## DIRECTORS' EMOLUMENTS

Directors' emoluments, in respect of the Company for the financial period ended 31 March 2025 are given in Note 8 and 38 to the Financial Statements.

## COMPLIANCE WITH RELATED PARTIES

The Board of Directors affirm that the Company has complied with CSE listing Rule No. 9 pertaining to Related Party Transactions.

The details of related party transactions of the Company and the Group are given in Note 38 in the Financial Statements.

## THE BOARD OF DIRECTORS

As at 31 March 2025, the Board of Directors of Hatton Plantations PLC consisted of nine members. Names of the Directors and their brief profiles appear on pages 34 and 37 of the Annual Report.

### Executive Directors

Mr. Gary Seaton (Chairman)

Mr. Menaka Athukorala (Managing Director/ CEO)

### Non Executive Directors

Mr. Gowri Shankar

Mr. Hiro Bhojwani

Mr. Damascene Perera

Mr. Lucille Wijewardena

### Independent Non Executive Directors

Mr. Indrajith Fernando

(Senior Independent Non Executive Director)

Mr. Mayura Fernando

Mr. Aravinda de Silva

### Resignations, New Appointments and Re-appointments to the Board

Mr. Uditha Palihakkara, Senior Independent Director resigned from the Board effective from 1st January 2025.

Mr. Indrajith Fernando was nominated as Senior Independent Director effective from 1st January 2025.

Mr. Mayura Fernando was newly appointed to the Board effective from 1st January 2025 and will be re-appointed at the Annual General Meeting as per Article 28(2) of the

Articles of Association.

Mr. Aravinda De Silva was newly appointed to the Board effective from 16th January 2025 and will be re-appointed at the Annual General Meeting as per Article 28(2) of the Articles of Association.

Notice has been given pursuant to Section 210 of the Companies Act No. 07 of 2007, of the intention to propose an ordinary resolution for re-appointment of Mr. Lucille Wijewardena, who is 72 years old, notwithstanding the age limit of 70 years stipulated by Section 210 of the Companies Act No. 07 of 2007.

Mr. G S Krishnamoorthy retires by rotation and being eligible, offer themselves for re-election at the Annual General Meeting.

### Board Committees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Related Party Transaction Review Committee, Remuneration Committee, Risk Management Committee and Nomination and Governance Committee with specific terms of reference. Those committee reports are given on pages 142 to 152.

## AUDITORS

Messrs. PricewaterhouseCoopers, (PwC) Chartered Accountants, Audit firm has informed us that their network branding has been changed and therefore, the name of "PricewaterhouseCoopers" has been changed to "Deloitte Partners" with effect from 28th October 2023. We have given necessary disclosure announcement in Colombo Stock Exchange.

Messrs. Deloitte Partners, Chartered Accountants, are deemed to be appointed as Auditors in terms of Section 158 of the Companies Act No. 07 of 2007.

The audit fees paid to Deloitte during the period under review by the Company amounted to LKR 3.85 Mn (2024 – LKR 4.20 Mn).

As far as the Directors are aware, the Auditors do not have any relationship (Other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interests in the Group and the Company.

## CORPORATE GOVERNANCE/ INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate culture.

The practices carried out by the Group and the Company are explained in the Corporate Governance reports on pages 104 to 121.

## ENVIRONMENTAL PROTECTION

To the best of knowledge of the Board, the Group and the Company have complied with the relevant environmental laws and regulations. The Group and the Company have not engaged in any activity that is harmful or hazardous to the environment.

## INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal controls. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with its effectiveness of these controls for the period up to the date of signing the Financial Statements.

## DIRECTORS' MEETINGS

The details of the Directors' meetings which comprise Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination and Governance Committee meetings, Related Party Transactions Review Committee. Attendance of Directors at these meetings are given in the Annual Report under Corporate Governance, Audit Committee Report, and Remuneration Committee Report Nomination and Governance Committee report and Related Party Transaction Review Committee report.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 15th August 2025 at 10.30 a.m. at Park Premier Banquet Hall, Excel World, No. 338, T B Jayah Mawatha, Colombo 10.

The Notice of the Annual General Meeting appears on page 266.

For and on behalf of the Board



Gary Seaton  
Chairman



Menaka Athukorala  
Managing Director/ CEO



Corporate Advisory Services (Pvt) Ltd.  
Secretaries,  
Hatton Plantations PLC

23rd June 2025

## DIRECTORS' STATEMENT ON INTERNAL CONTROLS



**Gary Seaton**  
*Chairman*



**Menaka Athukorala**  
*Managing Director/CEO*



**Indrajith Fernando**  
*Chairman, Audit Committee*

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- ✦ Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies, objectives, and annual budget.
- ✦ The Company Internal Audit to review and report on the internal control environment in the Company. Audits are carried out in accordance with the annual audit plan approved by the Audit Committee and specific areas required during the financial year. Findings are submitted to the Audit Committee for review at their periodic meetings.
- ✦ The Audit Committee reviews internal control issues identified by the Internal Audit and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the
- ✦ internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings.
- ✦ The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that

are required to comply with new requirements of recognition, measurement, presentation, and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.

- ✦ The comments made by External Auditors in connection with the internal control system during the financial year 2023/24 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.
- ✦ Review and monitoring of Monthly Operational Plans (MOP) and monthly Performance Review Meetings (PRM) by senior management team with operational management team.

## CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system of Hatton Plantations PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act and the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The Consolidated Financial Statements for the year ended 31st March 2025 have been audited by Messrs. Deloitte Partners, Chartered Accountants.

By order of Board,



**Gary Seaton**  
Chairman



**Menaka Athukorala**  
Managing Director/ CEO



**Indrajith Fernando**  
Chairman, Audit Committee  
23rd June 2025



## STATEMENTS OF DIRECTORS' RESPONSIBILITY



**Gary Seaton**  
*Chairman*



**Menaka Athukorala**  
*Managing Director/ CEO*

The following statement, which should be read in conjunction with the Auditor's Statement of their responsibilities set out in Director's report, is made with a view to distinguish the respective responsibilities of the Directors and the Auditors, in- relation to the Financial Statements.

The Directors are required under Sections 150 (1), 151, 152 (1) and 153 of the companies Act No: 7 of 2007, to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit for the financial year. The Directors are required to prepare these Financial Statements on the going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company and the Group have resources to continue in the business for the foreseeable future, the Financial Statement continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements on pages 160 to 238 the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable, have been followed.

The Directors are also responsible, under Section 148 of the Companies Act No. 2007 to ensure that proper accounting records are kept to enable determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Directors are responsible for taking such steps that are reasonably open to them, to safe guard the assets of the Company and the Group and to present and detect fraud and other irregularities.

The Directors have confirmed that the Company and the Group satisfy the solvency test requirement under Section 56 of the Companies Act No. 2007 for interim dividends paid and the Solvency Certificates have been obtained from the auditors in this respect.

The Directors confirm that the Financial Statements have been presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS), Sri Lanka Accounting standards (LKAS) and the Listing Rules of the Colombo Stock Exchange and provide the External Auditors, Deloitte Partners, , Chartered Accountants who were reappointed in terms of Section 158 of the Companies Act were provided with every assistance to undertake whatever inspections, they consider to be appropriate for

the purpose of enabling them to give their audit report in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and Sri Lanka Accounting Standards (LKAS). The report of the external auditors, show on pages 156 to 159 sets out their responsibility in respect of the Financial Statements.

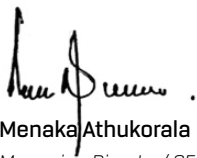
## COMPLIANCE REPORT

The Directors are confident that they have discharged their responsibilities as set out in their statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company and the Group and all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and the Group and all other known statutory due and payable by the Company and the Group as at the financial position date have been paid, or where relevant, provided for.

By Order of the Board,



**Gary Seaton**  
*Chairman*



**Menaka Athukorala**  
*Managing Director/ CEO*  
23rd June 2025

## STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR



**Indrajith Fernando**

*Senior Independent Director*

Profile of Mr. Indrajith Fernando is given on page 37 of this report.

In compliance with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company has designated me as the Senior Independent Director (SID) of Hatton Plantations PLC with effect from 1st January 2025.

According to the Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, a Senior Independent Director (SID) must be appointed where the Chairman and CEO are the same person or where the Chairman is not an Independent Director. At Hatton Plantations PLC, although the Chairman is not the CEO, he is not an Independent Director.

### ROLE OF THE SENIOR INDEPENDENT DIRECTOR

- ✦ The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.
- ✦ The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.
- ✦ The SID is available to any Director or any employee for any confidential discussions on the affairs of the Company, as needed.

### ACTIVITIES DURING THE YEAR

- ✦ In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.
- ✦ Meetings were conducted with the Non-Executive Directors without the presence of the Executive Directors. The performance of the Chairman and the Executive Directors were appraised at these meetings.
- ✦ A separate meeting was held with only the Independent Directors to discuss on matters relating to the Company and the operation of the Board.

- ✦ The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.
- ✦ The Company follows a policy of strict compliance with mandatory requirements while initiating voluntary adherence, to enhance stakeholder acceptance and making a positive impact on value creation.

### COMPLIANCE REPORT

As Senior Independent Director, I believe that I have diligently fulfilled the obligations entrusted to me in accordance with the Corporate Governance guidelines.

**Indrajith Fernando**

*Senior Independent Director*

*23rd June 2025*

REPORT OF THE AUDIT COMMITTEE



**Indrajith Fernando**  
*Chairman of the Committee*



**Gowri Shankar**  
*Member*



**Mayura Fernando**  
*Member*



ROLE OF THE AUDIT COMMITTEE

The Terms of Reference "Charter" provides a clear understanding of the Committee's role, structure, processes, and membership requirements. This conveys the framework for the Committee's organisation and responsibilities that can be referred to by the Board, committee members, management and External and Internal Auditors. The Audit Committee reviews the charter and updates to reflect the views that the members of the Audit Committee express in the independent discharge of their duties.

COMPOSITION OF THE AUDIT COMMITTEE

During the year, the Committee comprised two Independent Non-Executive Directors and one Non-Executive Director. Profiles of the members are given on pages 34 to 37 Corporate Advisory Services (Private) Limited function as the Secretaries to the Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met five (05) times during the year. The attendance of the members at these meetings is as follows:

Name of the Director	Status	Attendance
<b>Mr. Indrajith Fernando</b> - Chairman	Independent Non-Executive	5 of 5
<b>Mr. Mayura Fernando</b> - Member (Appointed on 1st January 2025)	Independent Non-Executive	1 of 1
<b>Mr. Gowri Shankar</b> - Member	Non-Independent Non-Executive	5 of 5
<b>Mr. Uditha Paliakkara</b> - Member (Resigned on 1st January 2025)	Independent Non-Executive	4 of 4

Mr. Uditha Paliakkara who served as a member of the Audit Committee resigned on 1st January 2025.

Mr. Mayura Fernando, an Independent Non-Executive Director was appointed as a member to the Audit Committee on 1st January 2025

The Managing Director/ Chief Executive Officer (CEO), Chief Financial (CFO) and Manager-Finance shall normally attend meetings of the Audit Committee. The Head of Internal Audit also attended these meetings by invitation. On the invitation of the Audit Committee, the Engagement Partner of the Company's External Auditors, Messrs. Deloitte Partners attends Audit Committee meetings. The Audit Committee shall report to the Board.

## THE DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the Company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2025.

## FINANCIAL REPORTING

Reviewed the quarterly and year-to-date financial results of the Company and the relevant announcements to Colombo Stock Exchange (CSE), focusing particularly on significant changes to accounting policies and practices and compliance with financial reporting and accounting standards prior to the consideration by the Board.

Reviewed the Annual Report and the annual audited financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the listing requirements of Sri Lanka Financial Reporting Standards provisions of the Companies Act. No. 07 of 2007, CSE and any other relevant legal and regulatory requirements.

In review of the annual Audited Financial Statements, the Committee discussed with the Managing Director/ CEO, Chief Financial Officer, Manager – Finance and External Auditor the significant accounting policies, estimates and judgements applied in preparing these reports, the accounting principles and reporting standards that were applied and the impact of the items to the Financial Statements.

## INTERNAL CONTROL AND RISK MANAGEMENT AND INTERNAL AUDIT

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on pages 122 to 131.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. During the year, it reviewed and approved the annual internal audit plan prepared taking into consideration the required controls and risks attached to different areas of operation. It also reviewed the reports from the internal audit team summarizing the audit findings and recommendations and describing actions taken by Management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses with reference to the risk rating assigned to those issues by the internal auditor and invited Management to the Committee to further understand progress where it felt it was necessary.

It also encourages the Management to establish a suitable whistle-blowing mechanism to facilitate anonymous complains and feedback.

## EXTERNAL AUDIT

Reviewed the scope of the External Auditors, Audit strategy and audit plan for the year and their proposed fees for the statutory audit.

Reviewed the external audit reports and areas of concern highlighted in the Management Letter including Management's responses to the findings of the External Auditors.

Discussed with External Auditors the key audit matters, impact of new or proposed Sri Lanka Accounting Standards and regulatory requirements applicable to the Company.



Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Company and prior to the appointment of the External Auditors for provision of any non-audit services. The Audit Committee also received report from the external auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.

Reviewed the performance of the External Auditors, Messrs. Deloitte Partners and recommended their appointment to the Board for financial year ended 31 March 2026 subject to the approval of the shareholders at the Annual General Meeting. A rotation of partner took place in 2023.

### REGULATORY COMPLIANCE

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. The Managing Director/ CEO along with Chief Financial Officer submitted to the Audit Committee on a quarterly basis, a report on the extent to which the Company was in compliance with mandatory statutory requirements.

### AUDIT COMMITTEE EFFECTIVENESS

The Committee prepares and reviews with the Board an annual performance evaluation of the Committee. The findings of the review ensure that the Board is satisfied that the Committee is operating effectively, and meeting all applicable legal and regulatory requirements. The Committee received information and support from Management during the year to enable it to carry out its duties and responsibilities effectively. The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

### CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and the financial position of the Company is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the financial statement is appropriate. The Audit Committee recommends to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee;



**Indrajith Fernando**

*Chairman – Audit Committee*

*23rd June 2025*

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE



Indrajith Fernando  
Chairman of the Committee



Gowri Shankar  
Member



Mayura Fernando  
Member



The Related Party Transactions Review Committee, appointed by and responsible to the Board of Directors, comprises two Executive Directors and seven Non-Executive Directors out of which three are Independent Directors.

COMPOSITION

Related Party Transaction Review Committee was established in accordance with the Code of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange. Related Party Transaction Review Committee comprised two Independent Non-Executive Directors and one Non-Executive Director.

The Chairman of the Committee is an Independent Non- Executive Director. Profiles of the Committee members are given in Pages 34 to 37.

Policies and Procedures adopted for reviewing the related party transactions:

The Committee reviewed all related party transactions except for the following transactions:

- (1) Recurrent, routine transactions which are of trading or revenue nature
- (2) Payment of dividend, issue of securities

- (3) Grant of options and the issue of securities pursuant to the exercise of options under an employee share option scheme
- (4) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the listed entity at the time of the transaction
- (5) Directors' fees and remuneration and employment remuneration.

The Committee established guidelines for the Senior Management to follow, for recurrent related party transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

The Committee also determined whether to obtain the approval of the Board of Directors for a related party transaction considering the factors such as the impact of the proposed transaction on the independence of the Directors and whether related party transaction require immediate market disclosure.

The Committee reviewed the related party transactions and their compliance of Hatton Plantations PLC

and communicated the same to the Board. The Committee in its review process recognized the adequate content and quality of the information forwarded to its members by the management.

It was also ensured that Committee members did not have any conflict of interest with regard to the proposed related party transactions.

MEETINGS AND ATTENDANCE

Related Party Transactions Review Committee has met each calendar quarter as required by the CSE Listing Rules Section 9.14.4 (1). The Committee met four (4) times during financial year. Attendance of the Committee members at each of these meetings is as follows.

Name of the Director	Status	Attendance
Mr. Indrajith Fernando - (Chairman)	Independent Non-Executive	4 of 4
Mr. Mayura Fernando - Member (Appointed on 1st January 2025)	Independent Non-Executive	1 of 1
Mr. Gowri Shankar - Member	Non-Independent Non-Executive	4 of 4
Mr. Uditha Palihakkara - Member (Resigned on 1st January 2025)	Independent Non-Executive	3 of 3

Mr. Uditha Palihakkara who served as a member of the Related Party Transactions Review Committee resigned on 1st January 2025.

Mr. Mayura Fernando, an Independent Non-Executive Director was appointed as a member to the Related Party Transactions Review Committee on 1st January 2025.

MEETINGS AND MINUTES

Corporate Advisory Services (Private) Limited acts as the Secretaries to the Related Party Transaction Review Committee. The Minutes of the Related Party Transaction Committee approved by the said Committee is circulated and affirmed by the Board of Directors. The Chairman, Managing Director/Chief Executive Officer, Chief Financial Officer, Finance Manager and any other officers as may be required by the Committee to attend the meetings by invitation.

STATEMENT OF COMPLIANCE

The Committee has reviewed the related party transactions during the financial year and communicated the comments/ observations to the Board of Directors. Information disclosures as required under section 9.14.8 of the Listing Rules are presented under Note 38 to the Financial Statements.

On behalf of the Board,



**Indrajith Fernando**  
Chairman – Related Party Transactions  
Review Committee  
23rd June 2025

REPORT OF THE REMUNERATION COMMITTEE

GRI 2-20



**Indrajith Fernando**  
*Chairman of the Committee*

Attendance



**Gowri Shankar**  
*Member*

Attendance



**Mayura Fernando**  
*Member*

Attendance

The Remuneration committee ("the Committee") of the Company was established in September 2024 in compliance with Section 9 of the listing Rules of Colombo Stock Exchange. The Remuneration Committee of the Company is appointed by and is responsible to the Board of Directors and comprises two Independent Non Executive Directors and one Non- Executive Director.

TERMS OF REFERENCE

The Charter of the Remuneration Committee determines the terms of reference for the Remuneration Committee. The Remuneration Committee is responsible to the Board for recommending the remuneration of the Executive Directors, including the members of the Committee, and setting the broad parameters of remuneration for Senior Executives across the Company.

COMPOSITION

During the financial year 2024-25, the Committee was made up of following Directors namely –

- ✦ Mr. Indrajith Fernando – Chairman (Non-Executive, Independent )
- ✦ Mr. Uditha Palihakkara (Non- Executive, Independent ) – resign on 1st January 2025
- ✦ Mr. Mayura Fernando (Non- Executive, Independent ) – appointed on 1st January 2025

- ✦ Mr. Gowri Shankar (Non- Independent Non-Executive )

Mr. Uditha Palihakkara (Non-Executive, Independent Director) resigned on 1st January 2025 and Mr. Mayura Fernando (Non-Executive, Independent Director) was appointed as a member to the Remuneration Committee on 1st January 2025.

The Chairman and Managing Director/ CEO of the Company assist the Remuneration Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

Corporate Advisory Services (Pvt) Limited acts as the Secretaries to the Remuneration Committee. The Minutes of the Remuneration Committee approved by the said Committee is circulated and affirmed by the Board of Directors.

MEETINGS

- ✦ The Remuneration Committee of the Company met one time during the Financial year.
- ✦ The Remuneration Committee of the Company meets at least once a year, and as and when required.
- ✦ The attendance of the meetings is given in table on pages 110 to 111 of the Annual Report.

## REMUNERATION POLICY

The Company's remuneration policy aims to attract and retain management with the appropriate professional, managerial and operational expertise necessary to achieve the Company's objectives and create value for our shareholders.

A significant portion of executives' total potential remuneration is performance related in order to drive the right behavior to optimize Company performance. Stretched targets are set for the plantation managers on a quarterly basis in the context of prevailing market conditions in which it operates. The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit and overall performance of the

Company and market practices. The Committee continues to provide analysis and advice to ensure Key Management Personnel remuneration is competitive in the market place. The Committee has the authority to seek external independent professional advice on matters within its purview.

## DIRECTORS' FEES

Directors receive fees for services on Board and Board Committees. Directors do not receive short-term incentives and do not participate in any long-term incentive schemes. The fees for the Directors are recommended by the Remuneration committee to the Board for their approval.

The Directors emoluments are disclosed on Note 08 to the Financial Statements.

On behalf of the Remuneration Committee,



**Indrajith Fernando**

*Chairman – Remuneration Committee*

*23rd June 2025*



NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

GRI 405



Indrajith Fernando  
Chairman of the Committee

Attendance



Gowri Shankar  
Member

Attendance



Mayura Fernando  
Member

Attendance



The Nominations and Governance Committee ("the Committee") of the Company was established in September 2024 in compliance with Section 9 of the listing Rules of Colombo Stock Exchange. The Nominations and Governance Committee of the Company is appointed by and is responsible to the Board of Directors and comprises two Independent Non Executive Directors and one Non- Executive Director.

COMPOSITION

The following changes took place during the financial year in compliance with the Governance Rules stipulated in Section 9 of the Listing rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

During the financial year 2024-25, the Committee was made up of following Directors namely –

- ✦ Mr. Indrajith Fernando – Chairman  
(Non-Executive, Independent )
- ✦ Mr. Uditha Palihakkara  
(Non-Executive, Independent )  
Resign on 1st January 2025
- ✦ Mr. Mayura Fernando  
(Non-Executive, Independent )  
appointed on 1st January 2025
- ✦ Mr. Gowri Shankar  
(Non-Independent Non-Executive )

Mr. U H Palihakkara who served as a member of the Nominations and Governance Committee resigned on 1st January 2025.

Mr. P M B Fernando, an Independent Non-Executive Director was appointed as a member to the Nominations and Governance Committee on 1st January 2025.

ATTENDANCE

The Committee meets as often as may be deemed necessary. Any changes to the main Board and Board sub-Committees were duly circulated among the Board of Directors and Committee members where applicable for approval. The Committee met one time under the Remuneration and Nomination Committee

before being reconstituted in September 2024 as Nominations and Governance Committee.

Name of the Member	Status	Attendance
<b>Mr. Indrajith Fernando</b> (Chairman)	Independent Non-Executive	1 of 1
<b>Mr. Gowri Shankar</b> - Member	Non-Independent Non-Executive	1 of 1
<b>Mr. Mayura Fernando</b> - Member (Appointed on 1st January 2025)	Independent Non-Executive	0 of 0
<b>Mr. Uditha Palihakkara</b> - Member (Resigned on 1st January 2025)	Independent Non-Executive	1 of 1

The Chairman of the Committee is an Independent Non- Executive Director.

The Committee has well-defined terms of reference approved by the Board outlining the Committee's purpose, composition, quorum, authority, responsibilities, and meeting related matters.

Corporate Advisory Services (Private) Limited acts as the Secretaries to the Nominations and Governance Committee.

## DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- ✳ To evaluate and recommend the appointment of Directors to the Board and Committees, considering the required skills, experience and qualifications necessary.
- ✳ To consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- ✳ To establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re appoint Directors of the Company.
- ✳ To establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- ✳ To establish and maintain a suitable process for the periodic evaluation of the

performance of Board Directors and the Managing Director of the Company to ensure their responsibilities are satisfactorily discharged.

- ✳ To consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- ✳ To review the succession plans for the Board of directors and key Management Personnel.
- ✳ Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- ✳ To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- ✳ To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of

the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

## DISCLOSURE OF ACTIVITIES

The Board performance evaluation was carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director/CEO. Special Board meetings are called if the need arises to discuss any important or critical matters.

Newly appointed Directors were given an induction to the Company prior to their first Board meeting. The orientation program includes inviting the Directors to the factories and estates to gain an understanding of the operations of the Company and its subsidiaries.

Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence / non independence. The fitness and propriety of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange;

1. Policy on Matters Relating to The Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and e-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics

6. Policy on Risk Management and Internal Controls
7. Policy on Investor Relations
8. Policy on Environment, Social and Governance
9. Policy on Asset Management
10. Policy on Corporate Disclosure
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

## RE-APPOINTMENTS/ RE- ELECTIONS

One Third (1/3) of the all the directors except the Managing Director/ CEO and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. G S Krishnamoorthy – Non Executive Director to the Board at the Annual General Meeting to be held on 15th August 2025, based on his performance and the contribution made to achieve the objectives of the Board. Mr. G S Krishnamoorthy was appointed to the Board on 17th July 2019, and last re-election was in September 2022. His directorships and other principal commitments are given in the profile on page 35.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to re-appoint Mr. W L P Wijewardena – Non Executive Director who is over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007 to the Board at the Annual General Meeting to be held on 15th August 2025. Mr. W L P Wijewardena was appointed to the Board on 15th January 2021 and his last re-appointment was in September 2024. His directorships and other principal commitments are given in the profile on page 36.

The Committee has recommended to re-appoint Mr. P M B Fernando – Independent Non Executive Director as per Article 28(2) of the Articles of Associations to the Board at the Annual General Meeting to be held on 15th August 2025. Mr. P M B Fernando was newly appointed to the Board on 1st January 2025 with his many years of experience, knowledge in Professional Accountancy Bodies and industries and business acumen. His directorships and other principal commitments are given in the profile on page 36.

The Committee has recommended to re-appoint Mr. P Aravinda De Silva – Independent Non Executive Director as per Article 28(2) of the Articles of Associations to the Board at the Annual General Meeting to be held on 15th August 2025. Mr. P Aravinda De Silva was newly appointed to the Board on 16th January 2025 and he is an all-time legend

in the cricketing world with his many years of experience, leadership, knowledge in diverse industry and business sectors. His directorships and other principal commitments are given in the profile on page 37.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The committee has ensured Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 118 to 121 and 247 to 255.



**Indrajith Fernando**

*Chairman*

*Nominations and Governance Committee*

*23rd June 2025*

## RESPONSIBILITY STATEMENT OF MANAGING DIRECTOR/ CEO AND CHIEF FINANCIAL OFFICER

The Financial Statements of the Hatton Plantations PLC and the Consolidated Financial Statements of the Group as at 31 March 2025 are prepared and presented in compliance with the requirements of the following:

- ✱ Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka;
- ✱ Companies Act No. 07 of 2007;
- ✱ Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- ✱ Listing Rules of the Colombo Stock Exchange;
- ✱ Code of Best Practice on Corporate Governance-2023 issued jointly by the institute of Chartered Accountants of Sri Lanka;
- ✱ Securities and Exchange Commission of Sri Lanka.

The accounting policies used in the preparation of the Financial Statements are appropriate and consistently applied by the Company and the Group as described in the Notes to the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. The significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Audit Committee.

The Board of Directors and Chief Financial officer of the Company and the Group accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's and the Group's state of affairs is reasonably presented. To ensure this, the Company and the Group have taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted

periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company and the Consolidated Financial Statements of the Group were audited by independent external auditors, Messers Deloitte Partners, Chartered Accountants and their report is given on pages 156 to 159 of the Annual Report.


The Audit Committee of the Company meets periodically with the Internal Audit Team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that the Company and the Group have complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company and the Group other than Note 40 to the Financial Statements in this Annual Report.



**Menaka Athukorala**  
Managing Director/ CEO



**Annemarie Outschoorn**  
Chief Financial Officer  
23rd June 2025



# Financial Reports

- 155... FINANCIAL CALENDAR
- 156... INDEPENDENT AUDITOR'S REPORT
- 160... STATEMENT OF PROFIT OR LOSS
- 161... STATEMENT OF COMPREHENSIVE INCOME
- 162... STATEMENT OF FINANCIAL POSITION
- 164... CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 165... COMPANY STATEMENT OF CHANGES IN EQUITY
- 166... STATEMENT OF CASH FLOWS
- 167... NOTES TO THE FINANCIAL STATEMENTS



## FINANCIAL CALENDAR

FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
13 <sup>th</sup> August 2024	13 <sup>th</sup> November 2024	7 <sup>th</sup> February 2025	28 <sup>th</sup> May 2025
PUBLISHING OF ANNUAL ACCOUNTS	ANNUAL GENERAL MEETING		
22 <sup>nd</sup> July 2025	15 <sup>th</sup> August 2025		





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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hatton Plantations PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Hatton Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and their 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 and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179

## The Group and the Company:

Key audit matter	How our audit addressed the Key audit matter
<p><b>Valuation of consumable biological assets</b>  <b>– Valuation of Timber Trees</b></p> <p>Refer Accounting Policy Note 3.4.1 and Note 16.1 to the financial statements. The carrying value of consumable biological assets – mature plantations in the statement of financial position at the year end was LKR 2,219 million.</p> <p>Timber trees that are more than 5 years old on estates managed by the Group/Company, are classified as consumable biological assets – mature plantations and are measured at each reporting date at fair value less cost to sell.</p> <p>The fair value of timber trees are impacted by factors such as topographical characteristics of the land, age and condition of timber trees and the economic conditions that drives the supply and demand.</p> <p>Management engaged a subject matter expert who is a professional valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumable biological assets of the Group/Company as at 31 March 2025.</p> <p>We identified the valuation of consumable biological assets as a key audit matter due to the significant level of judgement and estimation involved. Key assumptions considered in the valuation process included:</p> <ul style="list-style-type: none"> <li>■ Estimating the height and girth of trees to determine timber volume</li> <li>■ Determining the value of timber per cubic meter</li> <li>■ Applying appropriate discount rates</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>✦ Checked the qualifications, experience and independence of the external valuer.</li> <li>✦ We obtained the external valuer's valuation report and performed the following: <ul style="list-style-type: none"> <li>■ Compared the number of timber trees in the valuation report with the census report and the timber tree records maintained by the Group/Company.</li> <li>■ Checked the mathematical accuracy of the consumable biological assets – mature plantations valuation.</li> <li>■ Performed a physical observation of a sample of trees during estate visits to assess the girth and height of the respective trees and compared them with Group/ Company records.</li> <li>■ Checked the responsibility of the methodology used to estimate the volume of timber.</li> <li>■ Assessed the reasonableness of prices taken for the valuation of mature trees of timber, by comparing them to the prices of timber trees sold during the year by the Group/Company. The prices of trees sold during the year was also compared with their valuation to assess reliability.</li> <li>■ Assessed the appropriateness of the discount rate by benchmarking against publicly available market data.</li> <li>■ Assessed the adequacy of the disclosures in the financial statements.</li> </ul> </li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group 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 Company's and the Group's internal control.

- ✱ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ✱ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group 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/ Group to cease to continue as a going concern.
- ✱ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- ✱ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Company and the consolidated financial statements of the Group 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 2857.



**CHARTERED ACCOUNTANTS**

COLOMBO

23 June 2025



## STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
Revenue	5	7,709,932	7,724,871	7,587,967	7,633,209
Cost of sales		(6,499,334)	(6,576,677)	(6,448,542)	(6,529,625)
<b>Gross profit</b>		<b>1,210,598</b>	<b>1,148,194</b>	<b>1,139,425</b>	<b>1,103,584</b>
Other income	6	143,693	120,578	198,266	183,889
Gain on change in fair value of biological assets	7	51,893	187,314	51,893	187,314
Administrative expenses		(346,365)	(287,701)	(332,352)	(275,958)
<b>Operating profit</b>		<b>1,059,819</b>	<b>1,168,385</b>	<b>1,057,232</b>	<b>1,198,829</b>
Finance income	9	114,708	126,109	109,516	123,967
Finance expenses	9	(29,119)	(77,852)	(29,119)	(77,852)
Interest paid to government and other on lease	9	(100,139)	(85,833)	(100,139)	(85,833)
<b>Net finance costs</b>		<b>(14,550)</b>	<b>(37,576)</b>	<b>(19,742)</b>	<b>(39,718)</b>
Profit before income tax		1,045,269	1,130,809	1,037,490	1,159,111
Income tax expense	10	(326,419)	(236,180)	(297,831)	(148,943)
<b>Profit for the period</b>		<b>718,850</b>	<b>894,629</b>	<b>739,659</b>	<b>1,010,168</b>
<b>Profit is attributable to:</b>					
Equity holders of the parent		716,839	893,488	739,659	1,010,168
Non-controlling interest		2,011	1,141	-	-
		<b>718,850</b>	<b>894,629</b>	<b>739,659</b>	<b>1,010,168</b>
<b>Profit per share for profit attributable to the ordinary equity holders of the Company (expressed in LKR per share)</b>					
-Basic earning per share	11.1	3.03	3.78	3.13	4.27

## STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
Profit for the period		718,850	894,629	739,659	1,010,168

### Other comprehensive income:

#### Items that will not be reclassified to profit or loss

- Changes in the fair value of equity investments at fair value through other comprehensive income	17, 18	(860)	8,975	29,141	98,711
- Remeasurements of post-employment benefit obligations	29	(140,918)	(58,710)	(141,002)	(58,864)
- Income tax relating to these items	10	42,277	17,613	42,301	17,659
<b>Total other comprehensive income for the year (net of tax)</b>		<b>(99,501)</b>	<b>(32,122)</b>	<b>(69,560)</b>	<b>57,506</b>
<b>Total comprehensive income for the period</b>		<b>619,349</b>	<b>862,507</b>	<b>670,099</b>	<b>1,067,674</b>

### Profit is attributable to:

Equity holders of the parent		617,335	861,361	670,099	1,067,674
Non-controlling interest		2,014	1,146	-	-
		<b>619,349</b>	<b>862,507</b>	<b>670,099</b>	<b>1,067,674</b>

## STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
ASSETS					
Non-current assets					
Right-of-use assets	12	368,097	318,420	368,097	318,420
Immovable estate assets	13	5,187	10,297	5,187	10,297
Property, plant and equipment other than bearer plants	14	1,412,574	1,455,215	1,086,830	1,105,382
Bearer plants	15	1,567,806	1,360,012	1,567,806	1,360,012
Biological assets - consumable	16.1	2,300,446	2,250,472	2,300,446	2,250,472
Investment in subsidiary	17	-	-	586,142	556,141
Equity investments at fair value through other comprehensive income	18	26,543	27,403	26,543	27,403
Total non-current assets		5,680,653	5,421,819	5,941,051	5,628,127
Current assets					
Biological assets-produce crops on bearer plants	16.2	30,324	20,038	30,324	20,038
Inventories	21	609,153	632,889	607,982	631,718
Trade and other receivables	22	213,008	244,663	205,381	239,837
Amounts due from related companies	23	263	957	263	957
Short term investment	19.1	1,113,085	600,489	1,113,085	600,489
Cash and cash equivalents	24	536,311	504,453	482,771	447,339
Total current assets		2,502,144	2,003,489	2,439,806	1,940,378
Total assets		8,182,797	7,425,308	8,380,857	7,568,505
EQUITY AND LIABILITIES					
Capital and reserves					
Stated Capital	25	1,803,400	1,803,400	1,803,400	1,803,400
Reserve on equity investments at FVOCI		15,780	16,640	142,986	113,845
Retained earnings		3,219,803	2,838,275	3,431,195	3,026,904
Equity attributable to equity holders of the parent		5,038,983	4,658,315	5,377,581	4,944,149
Non-controlling interests	26	14,993	16,082	-	-
Total equity		5,053,976	4,674,397	5,377,581	4,944,149

(all amounts in Sri Lankan Rupees thousands)

	Notes	GROUP		COMPANY	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>Non-current liabilities</b>					
Borrowings	27	64,313	115,762	64,313	115,762
Lease liability	28	429,408	364,097	429,408	364,097
Retirement benefit obligation	29	840,176	884,131	831,393	876,592
Deferred capital grants	30	95,989	102,490	95,989	102,490
Deferred tax liability	31	599,492	518,721	504,641	416,392
<b>Total non-current liabilities</b>		<b>2,029,378</b>	<b>1,985,201</b>	<b>1,925,744</b>	<b>1,875,333</b>
<b>Current liabilities</b>					
Borrowings	27	51,449	59,631	51,449	59,631
Lease liability	28	4,487	4,424	4,487	4,424
Trade and other payables	32	809,933	658,458	808,248	656,903
Current income tax liability	33	123,464	43,197	103,238	28,065
Bank overdraft	27	110,110	-	110,110	-
<b>Total current liabilities</b>		<b>1,099,443</b>	<b>765,710</b>	<b>1,077,532</b>	<b>749,023</b>
<b>Total liabilities</b>		<b>3,128,821</b>	<b>2,750,911</b>	<b>3,003,276</b>	<b>2,624,356</b>
<b>Total equity and liabilities</b>		<b>8,182,797</b>	<b>7,425,308</b>	<b>8,380,857</b>	<b>7,568,505</b>
Net assets per share(LKR)		21.29	19.68	22.72	20.89

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



**Annemarie Outschoorn**

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed on behalf of the board of Hatton Plantations PLC.



**Menaka Athukorala**

Managing Director/ CEO

23rd June 2025



**Indrajith Fernando**

Director

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lankan Rupees thousands)

	Notes	Attributable to equity holders of the parent				Non-controlling interest	Total equity
		Stated capital	Reserve on equity instruments at FVOCI	Accumulated profits/(losses)	Total		
Balance at 1 April 2023		1,803,400	7,665	2,695,890	4,506,955	18,536	4,525,491
Profit for the period		-	-	893,487	893,487	1,141	894,628
Other comprehensive income		-	8,975	(41,102)	(32,127)	5	(32,122)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>8,975</b>	<b>852,385</b>	<b>861,360</b>	<b>1,146</b>	<b>862,506</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividend	26, 34	-	-	(710,000)	(710,000)	(3,600)	(713,600)
<b>Balance at 31 March 2024</b>		<b>1,803,400</b>	<b>16,640</b>	<b>2,838,275</b>	<b>4,658,315</b>	<b>16,082</b>	<b>4,674,397</b>
Balance at 1 April 2024		1,803,400	16,640	2,838,275	4,658,315	16,082	4,674,397
Profit for the period		-	-	716,839	716,839	2,011	718,850
Other comprehensive income		-	(860)	(98,644)	(99,504)	3	(99,501)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>(860)</b>	<b>618,195</b>	<b>617,335</b>	<b>2,014</b>	<b>619,349</b>
<b>Transactions with owners of the company</b>							
Dividend	26, 34	-	-	(236,667)	(236,667)	(3,103)	(239,770)
<b>Balance at 31 March 2025</b>		<b>1,803,400</b>	<b>15,780</b>	<b>3,219,803</b>	<b>5,038,983</b>	<b>14,993</b>	<b>5,053,976</b>



## COMPANY STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lankan Rupees thousands)

	Note	Stated capital	Reserve on equity instruments at FVOCI	Accumulated profits/(losses)	Total equity
Balance at 1 April 2023		1,803,400	15,134	2,767,941	4,586,475
Profit for the period		-	-	1,010,168	1,010,168
Other comprehensive income		-	98,711	(41,205)	57,506
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>98,711</b>	<b>968,963</b>	<b>1,067,674</b>
<b>Transactions with owners of the company</b>					
Dividend	34	-	-	(710,000)	(710,000)
<b>Balance as at 31 March 2024</b>		<b>1,803,400</b>	<b>113,845</b>	<b>3,026,904</b>	<b>4,944,149</b>
Balance at 1 April 2024		1,803,400	113,845	3,026,904	4,944,149
Profit for the period		-	-	739,659	739,659
Other comprehensive income		-	29,141	(98,701)	(69,560)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>29,141</b>	<b>640,958</b>	<b>670,099</b>
<b>Transactions with owners of the company</b>					
Dividend	34	-	-	(236,667)	(236,667)
<b>Balance as at 31 March 2025</b>		<b>1,803,400</b>	<b>142,986</b>	<b>3,431,195</b>	<b>5,377,581</b>

## STATEMENT OF CASH FLOWS

(all amounts in Sri Lankan Rupees thousands)

	Note	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
Cash flows from operating activities					
Cash generated from operations	37	1,544,006	2,022,524	1,463,435	1,880,061
Interest paid	09	(29,067)	(83,711)	(29,067)	(83,711)
Payment of Income tax	33	(123,104)	(44,417)	(92,108)	(22,281)
Retirement benefit obligations paid	29	(346,078)	(182,656)	(346,078)	(182,656)
Interest received	09	42,906	70,113	37,711	67,971
Net cash generated from operating activities		1,088,663	1,781,853	1,033,893	1,659,384
Cash flows from investing activities					
Additions to bearer plants	15	(248,228)	(248,701)	(248,228)	(248,701)
Additions and transfer to consumable biological assets	16.1	(8,367)	(11,853)	(8,367)	(11,853)
Additions to property, plant and equipment	14	(90,138)	(103,647)	(89,976)	(103,575)
Proceeds from sale of property, plant and equipment		9,364	-	9,364	-
Proceeds from sale of consumable biological assets		11,341	20,478	11,341	20,478
Dividends received from subsidiary and associate		4,895	3,047	59,974	67,010
Proceed from the long term investments		279,533	290,153	279,533	290,153
Proceed From The Short term investments		104,685	-	104,685	-
Additions to the short term investments		(825,000)	(371,260)	(825,000)	(371,260)
Net cash used in investing activities		(761,916)	(421,783)	(706,675)	(357,748)
Cash flows from financing activities					
Dividend paid	34	(236,667)	(710,000)	(236,667)	(710,000)
Dividends paid to NCI		(3,103)	(3,600)	-	-
Repayment of borrowings	27	(59,631)	(133,944)	(59,631)	(133,944)
Payment of government lease principal	28.1	(99,261)	(84,467)	(99,261)	(84,467)
Payment of other lease principal	28.2	(6,337)	(5,754)	(6,337)	(5,754)
Grant received		-	526	-	526
Net cash generated/(used in) from financing activities		(404,999)	(937,239)	(401,896)	(933,639)
(Decrease)/increase in cash and cash equivalents		(78,252)	422,831	(74,678)	367,997
At the beginning of period		504,453	81,622	447,339	79,342
(Decrease)/increase for the period		(78,252)	422,831	(74,678)	367,997
At end of period		426,201	504,453	372,661	447,339

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

NOTE  
01

Reporting entity

Hatton Plantations PLC ("the Company") is a public limited liability company incorporated on 14 September 2017 and domiciled in Sri Lanka under the Companies Act No 7 of 2007. The registered office of the Company is located at No. 168, 2nd Floor, Negombo Road, Peliyagoda. The Plantations are situated in the planting regions of Watawala, Hatton and Lindula.

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

The Consolidated Financial Statements of Hatton Plantations PLC comprises the Company and its Subsidiary namely Mark Marine Services (Private) Limited (together referred to as the 'Group'). The Company in the Group is a limited liability company incorporated and domiciled in Sri Lanka.

1.1 Principal activities and nature of operations

During the year, the principal activities of the Company were Cultivation, Manufacture and Sale of Orthodox and CTC Tea. Principal activity of the subsidiary company is as follows.

Company	Nature of the business	Registered office
Mark Marine Services (Private) Limited	Generating hydropower	168, 2nd Floor, Negombo Road, Peliyagoda

1.2 Holding Company

The Company is a subsidiary of Lotus Renewable Energy (Private) Limited incorporated in Sri Lanka and its ultimate parent is Lotus Renewables (Singapore) Pte Limited incorporated in Singapore.

1.3 Date of authorization for issue

The Financial Statements consist of the Statement of profit or loss, the Statement of comprehensive income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements for the period ended 31 March 2025.

The Group Financial Statements of Hatton Plantations PLC were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 23 June 2025.

1.4 Responsibility for Consolidated Financial Statements

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

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
02****Basis of preparation****2.1 Statement of compliance**

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRS's), Sri Lanka Accounting Standards (LKAS's) further comprises of Statements of Recommended Practices (SORPs), Statements of Alternative Treatments (SOATs) and Financial Reporting guidelines issued 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**

The Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items for assets carried at fair value:

- \* Managed consumable biological assets - mature plantations are measured at fair value;
- \* Harvestable agricultural produce growing on bearer biological assets are measured at fair value; and
- \* Equity investments measured at FVOCI are measured at fair value.

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the succeeding Notes.

The accounting policies have been consistently applied in the Consolidated Financial Statements.

**2.3 Comparative information**

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous year in the Financial Statements in order to enhance the understanding of the current year's Consolidated Financial Statements and to enhance the inter period comparability. The presentation and classification of the Consolidated Financial Statements of the previous year is reclassified, where relevant for better presentation and to be comparable with those of the current year.

**2.4 New and amended Accounting Standards that are effective for the current year**

In the current year, the Group/Company has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- i. Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance
- ii. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current
- iii. Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants
- i. [Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance](#)

The Group/Company has adopted the amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements for the first time in the current year.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

**ii. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current**

The Group/Company has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**iii. Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants**

The Group/Company has adopted the amendments to LKAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

## 2.5 New and revised IFRS Accounting Standards in issue but not yet effective

The following standards and interpretations have been issued but not mandatory for annual reporting period ended 31 March 2025.

The following amended standards and interpretations are not expected to have a significant impact on the Group's and the Company's financial statements.

**i. IFRS 18 Presentation and Disclosures in Financial Statements**

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7.

Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- ✳ present specified categories and defined subtotals in the statement of profit or loss;
- ✳ provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements; and



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***\* Improve aggregation and disaggregation.**

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the company anticipate that the application of this standard may have an impact on the group's/ company's consolidated financial statements in future periods.

**2.6 Use of estimates and judgements**

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period and any future periods affected. Information about significant areas of estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the Note 4.

**2.7 Functional and presentation currency**

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

**2.8 Materiality and aggregation**

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

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
03****Material accounting policies**

The accounting policies set out below are consistent with those used in the previous year and have been applied consistently in these Consolidated Financial Statements.

**3.1 Going concern**

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

It is view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern.

**3.2 Principles of consolidation and equity accounting****i. Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see note 3.2.1).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Balance Sheet respectively.

Investment in Subsidiaries are measured in accordance with SLFRS 9 at fair value through other comprehensive income.

**ii Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Hatton Plantations PLC.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change

## NOTES TO THE FINANCIAL STATEMENTS (contd)

(all amounts in Sri Lankan Rupees thousands)

in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### 3.2.1 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- ✱ fair values of the assets transferred;
- ✱ liabilities incurred to the former owners of the acquired business;
- ✱ equity interests issued by the group;
- ✱ fair value of any asset or liability resulting from a contingent consideration arrangement; and
- ✱ fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- ✱ consideration transferred;
- ✱ amount of any non-controlling interest in the acquired entity; and
- ✱ acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

### 3.2.2 Segment reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The activities of the segments are described on Note 5.2 in the Notes to the Financial Statements.

**3.3 Property, plant and equipment**

Property plant and equipment comprise tangible assets and bearer plants.

**Recognition and measurement**

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and the Company and the cost of the asset can be measured reliably. All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditure that is directly attributable to the acquisition of assets. The self-constructed assets include the cost of materials, direct labour and any other costs 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.

**Subsequent costs**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

**Capital work-in-progress**

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery

and system development, awaiting capitalisation. Capital work-in-progress would be transferred to the relevant asset when it is available for use. Capital work-in-progress is stated at cost less any accumulated impairment losses.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

**Bearer plants**

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants mainly include mature and immature tea plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilizing and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment losses. Mature plantations are depreciated on a straight line basis over its estimated useful life, upon commencement of commercial production.

General charges such as supervisory, security and office overheads etc. are apportioned between immature plantations and the statement of profit or loss based on the man-days spent on the respective activities. General charges apportioned to immature plantation based on the man days used on replanting and subsequent upkeep until they become maturity, are capitalised on immature plantations. General charges incurred on the revenue generating activities are charged to the Statement of Profit or Loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***Infilling cost on bearer plants**

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the cost is capitalised in accordance with Sri Lanka Accounting standard LKAS 16 - Property Plant and Equipment and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling cost that are not capitalised are charged to the statement of profit or loss in the year in which they are incurred.

**Depreciation and amortization**

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful lives of each part of an item of Property, Plant & Equipment and Bearer plants. Assets held under leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The Company is desirous of renewing the lease agreement and will be applying to renew the lease agreement before 10 years of expiring of the above lease period as required by the Indenture of Lease Agreement, Section 7(g).

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is discontinued.

The economic useful lives of assets are estimated below for depreciation / amortisation purposes.

Group/Company	Years
Buildings	40
Plant and machinery	13
Equipment	8
Computer equipment	4
Computer software	6

Group/Company	Years
Furniture and fittings	10
Motor vehicles	5
Sanitation, water and electricity	20
Roads and bridges	40
Fences and security lights	3
Mini hydro plants	10
Turbine	17

Group/Company	Years
Transformers	17
Penstocks	17
Grid construction	17
Power house	17
Civil construction	17
Bearer plants	
- Tea	30
- Caliandra	10
- Cinnamon	20
- Coffee	20

Immovable estate assets (remaining useful lifetime)	
Improvements to land	Nil
Vested other assets	Nil
Roads and bridges	7
Bearer plants	
- Tea	1

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

**3.4 Biological assets**

Biological assets comprise Timber reserves and growing agricultural produce on bearer plants.

**3.4.1 Consumable biological assets**

Timber plantations that are managed by the company are classified as consumable biological assets. Trees younger than 5 years are included under nurseries and immature



## NOTES TO THE FINANCIAL STATEMENTS (contd)

(all amounts in Sri Lankan Rupees thousands)

plantations. Since the fair value of such trees cannot be reliably estimated they are carried at cost less accumulated impairment and for nurseries a provision for overgrown plants is deducted. Costs includes direct material, direct labour and appropriate proportion of directly attributable overheads. Trees older than 5 years are included under mature plantations and are measured at fair value less costs to sell at the end of each reporting period. Cost to sell include all costs that would be necessary to sell the assets, including transportation costs if any.

The fair value of mature plantations are measured using DCF method by an independent professional valuer taking in to consideration the current market prices of timber, applied to expected timber content of a tree at maturity less costs to sell.

Gains or losses arising on initial recognition of timber plantation at fair values less costs to sell and from the change in fair values less costs of to sell at each reporting date are included in the statement of profit or loss in the period in which they arise. All costs incurred in maintaining the assets are included in the statement of profit or loss in the period in which they arise.

Proceeds from sale of consumable biological assets are credited to the statement of profit or loss when the control of the timber are transferred to the buyer, at the time of accepting the tender.

### 3.4.2 Produce growing on bearer plants

Produce that grows on mature plantations are measured at fair value less estimated cost to sell. Cost to sell include all costs that would be necessary to sell the produce.

## 3.5 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events

or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or group of assets (cash generating units).

## 3.6 Investments and other financial assets

### 3.6.1 Classification

From 1 April 2018, the Group and the Company classifies its financial assets in the following measurement categories:

- ✱ those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- ✱ those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group and the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group and the Company reclassifies debt investments when and only when its business model for managing those assets changes.

### 3.6.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset.

## NOTES TO THE FINANCIAL STATEMENTS (contd)

(all amounts in Sri Lankan Rupees thousands)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

### 3.6.3 Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

Subsequent measurement of debt instruments depends on the Group and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classifies its debt instruments:

- i. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- ii. FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where

the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- iii. FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

### Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***3.6.4 Impairment**

From 1 April 2018, the Group and the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised.

For trade receivables, the Group and the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 39 (c).

**3.7 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**3.8 Inventories****i. Finished goods manufactured from agricultural produce of biological assets**

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

**ii. Input material, spares and consumables.**

These are valued at actual cost on weighted average basis.

**iii. 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 the agricultural produce.

**3.9 Trade receivables**

Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Refer Note 22 and 39.

**3.10 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**3.11 Stated capital**

Ordinary shares are classified as stated capital in equity. Dividend distributed to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

**3.12 Trade payables**

These amounts represent liabilities for goods and services provided to the Group and the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS (contd)

(all amounts in Sri Lankan Rupees thousands)

### 3.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction. Cost of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, is recognised in the statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### 3.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets including field development activities in immature plantations, which takes a substantial period of time to get ready for its intended use, commercial harvest or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use, commercial harvest or sale.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

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

### 3.15 Accounting for leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- ✦ fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- ✦ variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date or rate as at the commencement date,
- ✦ amounts expected to be payable by the Group and the Company under residual value guarantees, the exercise price of a purchase option if the Group and the Company is reasonably certain to exercise that option, and
- ✦ payments of penalties for terminating the lease if the lease term reflects the Group and the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

To determine the incremental borrowing rate, the Group and the Company;

- \* where possible, uses recent third-party financing received by the individual lessee as a starting
- \* uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Hatton Plantations PLC, which does not have recent third-party financing, and
- \* makes adjustments specific to the lease, (e.g. term, country, currency and security)

The Group and the Company is exposed to potential future increases in variable lease payments based on an index or rate (i.e. for an example JEDB/SLSPC Government lease rentals linked with GDP Deflator), which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- \* the amount of the initial measurement of lease liability,
- \* any lease payments made at or before the commencement date less any lease incentives received,
- \* any initial direct costs, and
- \* restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain to exercise a purchase option, the right-

of-use asset is depreciated over the underlying asset's useful life. While the Group and the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group and the Company.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

**3.16 Current income tax**

The income tax expense or credit for the period is the tax payable on the current period taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by end of the reporting period in the countries where the Group and the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**3.17 Deferred tax**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

using tax rates (and laws) that have been enacted or substantially enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**3.18 Employee benefits****3.18.1 Defined contribution plans**

Defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of profit or loss as and when they are due.

**Provident fund contributions**

All employees of the Group and the Company are members of the Employees' Provident Fund or the Estate Staff Provident Society or Ceylon Planters' Provident Society to which the Group and the Company contributes 12% of the salary of each employee.

**Trust fund contributions**

The Group and the Company contributes 3% of the salary of each employee to the Employee Trust Fund.

**3.18.2 Defined benefit plan – Gratuity**

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group and the Company has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the statement of financial position date, together with adjustments for unrecognized past service cost. An actuarial valuation for defined benefit obligation is carried out by Mr. M. Poopalanathan, of Messrs. Actuarial and Management Consultants (Private) Limited, using the projected unit credit method prescribed in Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of Government bonds 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 pension liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the statement of profit or loss, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period. Refer Note 29 for detailed analysis of Actuarial assumptions used.

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.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***3.19 Grants**

Grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to other income on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are differed and recognised in the statement of profit or loss over the period necessary to match them with costs that they intended to compensate.

**3.20 Provisions**

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the Directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material. All known liabilities and provisions have been accounted for in preparing the Consolidated Financial Statements.

**3.21 Consolidated Statements of Profit or Loss**

For the purpose of presentation of consolidated statement of profit or loss, the function of expenses method is adopted, as it represents fairly the elements of the Group and the Company performance.

**3.21.1 Revenue**

Revenue from the sale of goods is recognised when performance obligations are satisfied. 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.

**Auction sales**

Sale is recognised when control of the tea is transferred at the point of accepting the highest bidder whose offer is accepted, and a sale shall be completed at the fall of the hammer, at the Colombo Tea Auction at which point control is transferred to the customer. This do not involve complex calculations or significant estimation uncertainties. Hence there is no unfulfilled obligation that could affect customers' acceptance of the teas sold.

The revenue from this sale is recognised based on the price and quantities agreed upon net of brokerage fee.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with the credit term of 7 days, which is consistent with market practice.

A receivable is recognised when the goods are sold at Auction, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Private / local sales**

Teas not catalogued at the Auction can be sold as private sales/ local sales. Price is determined based on prevailing market prices.

Private sales are recognised when control of the products are transferred when the products are delivered to the buyers and there are no unfulfilled obligations that could affect the customers' acceptance of the products.

In respect of direct/local sales and bulk sales, revenue is recognised at the point products are collected by the customer/buyer.

Revenue is only recognized to the extent that is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

made either on cash terms (immediate payment ) or with the credit term of 7 days.

**Income from generating power**

Revenue from energy supplied, generated by the subsidiary, is recognized, upon delivery of Energy to Ceylon Electricity Board and Delivery of Electrical Energy shall be completed when Electrical Energy meeting the specifications as set out in Power Purchase Agreement is received at the metering point.

**3.21.2 Other Source of Income**

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

**Rental Income**

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

**Tea Club Income**

Tea club income mainly consists of sales of foods, beverages and tea powder. Tea Club income is recognised when the products are delivered to the customers and there are no unfulfilled obligations that could affect the customers' acceptance of products.

**Gains or losses on disposal**

Gains and losses from the sale of property, plant and equipment are recognised in the period in which the sale occurs, which is the point at which customer acknowledges receipt of the goods.

**Dividend income**

Dividend income is recognized in the statement of profit or loss when the Company's right to receive the dividend is established.

**Bungalow Income**

Bungalow income mainly consists of Reservation, Foods and Beverages income. Bungalow rental income is recognised when the services are delivered to the customers and there are no unfulfilled obligations that could affect the customers' acceptance of services.

**Sales of trees**

Income from sale of trees is recognised at the time of accepting the tender in the period in which the sale occurs.

**3.21.3 Expenses**

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

**3.21.3.1 Finance Income and Finance Cost**

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

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**3.22 Events after the reporting period**

Events after the reporting period are events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Consolidated Financial Statements are authorised for issue as given in Note 40.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***3.23 Dividend Payments**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**3.24 Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any

costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

**3.25 Rounding of amounts**

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

**NOTE  
04****Critical accounting estimates and judgments**

The preparation of Consolidated Financial Statements requires the use of accounting estimates which by definition will seldom equal the actual results. Management also needs to exercise judgment in applying the Group and the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity.

The management of the Group and the Company continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.

and liabilities in the period in which such determination is made.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No.45 of 2022, agro farming is exempted from income tax for a period of 5 years effective from 1 April 2019 and Agro processing is liable at 30%. Accordingly, where applicable, the Group has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates. This exemption ended on 31.03.2024 through the Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No.45 of 2022 and all agro processing and agro farming taxable profits are liable at 30% thereafter.

**Income taxes**

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group and the Company recognises liabilities for anticipated tax assessment issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets

**Pension benefits – Gratuity**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The Group and the Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated.

Future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and the Company considers the interest rates of government bonds, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions and are disclosed in Note 29.

Estimated useful lives of property, plants and equipment.

The Group and the Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans, strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment which increases the recorded depreciation charge and decreases the carrying value of property, plant and equipment.

**Provisions**

The Group and the Company recognises provisions when they have a present legal or constructive obligation arising as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. The recording of provision requires the application of judgment about ultimate resolution of their obligations.

**Consumable biological assets**

In measuring fair value of timber management estimates and judgement are required. These estimates and judgement relate to the market prices, average volume of trees and quality of trees. Trees grow at different rates and there can be a considerable spread in the quality and volume of trees and that affect the prices achieved.

**Bearer plants**

The date of transfer from immature to mature plants has a significant impact on the carrying value of the bearer plants and the reported profits of the Company as capitalisation of costs.

Will cease from the point of transfer and the mature plants are depreciated over the estimated useful lives of the plants.

As per the industry practice, at the point of commencement of commercial harvesting the cost of immature plants is transferred to cost of mature plants. The actual duration taken to start commercial harvesting depends on factors such as the soil condition, weather patterns and plant breed.

**Investment in subsidiary / Equity Investment**

Investment in subsidiary / Equity Investment measured at fair value through other comprehensive income includes interests in Companies that operate Mini Hydro Power Plants. The fair valuation involved significant management judgement and estimates including adjusted average price to book value ratio of listed comparable peer company data.

**Leases**

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group and the Company would have to pay to borrow



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

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 Group and the Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the group and the company's stand-alone credit rating).

**NOTE  
05****Revenue****5.1 Revenue**

	GROUP		COMPANY	
	Year ended 31 March	Year ended 31 March	Year ended 31 March	Year ended 31 March
	2025	2024	2025	2024
- Tea	7,587,967	7,633,209	7,587,967	7,633,209
- Hydro power	121,965	91,662	-	-
	7,709,932	7,724,871	7,587,967	7,633,209

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**5.2 Segment Information****a) Segment revenue**

	GROUP		COMPANY	
	Year ended 31 March	Year ended 31 March	Year ended 31 March	Year ended 31 March
	2025	2024	2025	2024
<b>Tea</b>				
Revenue	7,587,967	7,633,209	7,587,967	7,633,209
* Revenue expenditure	(6,134,593)	(6,201,332)	(6,134,593)	(6,201,332)
Depreciation	(154,072)	(146,290)	(154,072)	(146,290)
** Other non cash expenditure	(159,877)	(182,003)	(159,877)	(182,003)
	<b>1,139,425</b>	<b>1,103,584</b>	<b>1,139,425</b>	<b>1,103,584</b>
<b>Mini Hydro Power</b>				
Revenue	121,965	91,662	-	-
* Revenue expenditure	(25,213)	(21,634)	-	-
Depreciation	(24,251)	(24,262)	-	-
** Other non cash expenditure	(1,328)	(1,166)	-	-
	<b>71,173</b>	<b>44,600</b>	<b>-</b>	<b>-</b>
<b>Total</b>				
Revenue	7,709,932	7,724,871	7,587,967	7,633,209
* Revenue expenditure	(6,159,806)	(6,222,956)	(6,134,593)	(6,201,332)
Depreciation	(178,323)	(170,552)	(154,072)	(146,290)
** Other non cash expenditure	(161,205)	(183,169)	(159,877)	(182,003)
	<b>1,210,598</b>	<b>1,148,194</b>	<b>1,139,425</b>	<b>1,103,584</b>
Other income	143,693	120,578	198,266	183,889
Gain on change in fair value of biological assets	51,893	187,314	51,893	187,314
Administrative expenses	(346,365)	(287,701)	(332,352)	(275,958)
Finance income	114,708	126,109	109,516	123,967
Finance expenses	(29,119)	(77,852)	(29,119)	(77,852)
Interest paid to government and other on lease	(100,139)	(85,833)	(100,139)	(85,833)
<b>Profit before income tax</b>	<b>1,045,269</b>	<b>1,130,809</b>	<b>1,037,490</b>	<b>1,159,111</b>

\* Cost of sale less depreciation and gratuity

\*\* Provision for retirement benefit obligation

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***b) Segment assets**

	GROUP		COMPANY	
	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Non current assets</b>				
Tea	3,054,464	2,821,514	3,640,605	3,377,655
Mini Hydro Power	325,743	349,833	-	-
Biological assets	2,300,446	2,250,472	2,300,446	2,250,472
	<b>5,680,653</b>	<b>5,421,819</b>	<b>5,941,051</b>	<b>5,628,127</b>
<b>Current assets</b>				
Tea	2,439,806	1,940,378	2,439,806	1,940,378
Mini Hydro Power	62,338	63,111	-	-
	<b>2,502,144</b>	<b>2,003,489</b>	<b>2,439,806</b>	<b>1,940,378</b>
<b>Total assets</b>	<b>8,182,797</b>	<b>7,425,308</b>	<b>8,380,857</b>	<b>7,568,505</b>

**c) Segment liabilities****Non current liabilities and deferred income**

Tea	1,925,728	1,875,306	1,925,744	1,875,333
Mini Hydro Power	103,650	109,895	-	-
	<b>2,029,378</b>	<b>1,985,201</b>	<b>1,925,744</b>	<b>1,875,333</b>

**Current Liabilities**

Tea	1,077,520	749,015	1,077,532	749,023
Mini Hydro Power	21,923	16,695	-	-
	<b>1,099,443</b>	<b>765,710</b>	<b>1,077,532</b>	<b>749,023</b>
<b>Total Liability</b>	<b>3,128,821</b>	<b>2,750,911</b>	<b>3,003,276</b>	<b>2,624,356</b>

**d) Segment Capital Expenditure**

Tea	346,571	364,129	346,571	364,129
Mini Hydro Power	162	72	-	-
	<b>346,733</b>	<b>364,201</b>	<b>346,571</b>	<b>364,129</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
06****Other income**

	Notes	GROUP		COMPANY	
		Year ended 31 March	Year ended 31 March	Year ended 31 March	Year ended 31 March
		2025	2024	2025	2024
Amortisation of capital grants	30	6,501	8,674	6,501	8,674
Hydro power income		64,453	68,496	64,453	68,496
Dividends		4,895	3,047	59,974	67,010
Net bungalow rental	6.1	6,196	(4,890)	5,690	(5,542)
Sales of trees		11,341	20,478	11,341	20,478
Tower/building rent		15,301	11,191	15,301	11,191
Profit on sale of property, plant and equipment		9,364	-	9,364	-
Sale of scrap items		4,727	-	4,727	-
Profit from Tea Club	6.2	11,731	11,216	11,731	11,216
Others		9,184	2,366	9,184	2,366
		<b>143,693</b>	<b>120,578</b>	<b>198,266</b>	<b>183,889</b>

**6.1 Mandira Bungalow Income included within net bungalow rental**

	COMPANY					
	Year ended 31 March 2025			Year ended 31 March 2024		
	Rental Income	Bungalow Expenditure	Net Income	Rental Income	Bungalow Expenditure	Net Income
Mandira Bungalow -Strathdon	5,767	(6,032)	(266)	3,839	(6,025)	(2,186)
Mandira Bungalow - Dickoya	11,112	(9,292)	1,820	7,009	(8,878)	(1,869)
Mandira Bungalow -Creige Appin	11,202	(7,593)	3,609	6,046	(7,976)	(1,930)
Mandira Bungalow -Agraoya	631	(104)	527	1,229	(786)	443
	<b>28,711</b>	<b>(23,021)</b>	<b>5,690</b>	<b>18,123</b>	<b>(23,665)</b>	<b>(5,542)</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***6.2 Tea Club Restaurant Income**

	GROUP/COMPANY					
	Year ended 31 March 2025			Year ended 31 March 2024		
	Income	Expenditure	Net Income	Income	Expenditure	Net Income
<b>Segment Analysis - Tea Club</b>						
Restaurant	52,886	(41,374)	11,512	48,974	(32,830)	16,144
Tea powder	15,811	(15,592)	219	15,018	(19,937)	(4,919)
Cinnamon	-	-	-	33	(42)	(9)
	68,697	(56,966)	11,731	64,025	(52,809)	11,216
Finance cost	-	(555)	(555)	-	(617)	(617)
<b>Profit after finance cost</b>			11,176			10,599

**NOTE  
07****Gain on change in fair value of biological assets**

	Notes	GROUP / COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024
Gain on fair valuation - consumable biological assets	16.1	41,607	190,932
Gain/(loss) on fair valuation - growing crops on bearer plants	16.2	10,286	(3,618)
		51,893	187,314



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
08****Profit before taxation**

Profit before tax is stated after charging all expenses including the following:

	Notes	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Auditors' remuneration</b>					
- Audit		4,026	4,336	3,847	4,200
- Non audit		100	-	100	-
<b>Depreciation and amortisation</b>					
- Right to use of land	12	21,096	18,017	21,096	18,017
- Immovable leased assets	13	5,110	5,110	5,110	5,110
- Property, plant and equipment	14	132,779	132,618	108,528	108,356
- Biological assets - bearer	15	40,434	32,824	40,434	32,824
Directors' emoluments		39,580	27,707	39,580	27,707
<b>Staff costs</b>					
- Wages and salaries		3,258,651	2,986,000	3,242,038	2,972,718
- Defined contribution plan		341,604	278,535	340,032	276,954
- Defined benefit plan	29	161,205	183,168	159,877	182,003
- Associates' profit share bonus		28,720	45,833	28,720	45,833
Cost of inventories sold		2,774,101	3,047,962	2,774,101	3,047,962
Other expenses		38,293	102,268	17,431	83,899
<b>Total cost of sales and administrative expenses</b>		<b>6,845,699</b>	<b>6,864,378</b>	<b>6,780,894</b>	<b>6,805,583</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
09****Finance income and costs - net**

	GROUP		COMPANY	
	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Finance income:</b>				
- Interest income on short-term bank deposits	114,708	126,109	109,516	123,967
<b>Finance income</b>	<b>114,708</b>	<b>126,109</b>	<b>109,516</b>	<b>123,967</b>
<b>Finance costs:</b>				
Interest expense for borrowings				
- Interest on term loans	(15,327)	(46,121)	(15,327)	(46,121)
- Interest on bank overdrafts	(13,792)	(37,680)	(13,792)	(37,680)
	(29,119)	(83,801)	(29,119)	(83,801)
<b>Less - amount capitalised (a)</b>	-	5,949	-	5,949
<b>Interest cost for borrowings expensed</b>	<b>(29,119)</b>	<b>(77,852)</b>	<b>(29,119)</b>	<b>(77,852)</b>
Interest and finance charges paid/payable for lease liabilities	(100,139)	(85,833)	(100,139)	(85,833)
<b>Total finance costs</b>	<b>(129,258)</b>	<b>(163,685)</b>	<b>(129,258)</b>	<b>(163,685)</b>
<b>Net finance costs</b>	<b>(14,550)</b>	<b>(37,576)</b>	<b>(19,742)</b>	<b>(39,718)</b>

**(a) Capitalised borrowing costs**

The Company had obtained the specific term loan for the replanting purpose and the capitalization rate used to determine the amount of borrowing costs to be capitalized, was the weighted average interest rate applicable to the entity's specific borrowings during the year at 18.24% (AWPLR+2.25).

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
10****Income tax expense**

This note provides an analysis of the Company's income tax expense.

	Notes	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Current tax</b>					
- Current income tax on profits for the year	33	193,642	38,825	167,281	20,643
- Adjustments for current tax of prior periods	33	9	2	-	-
Withholding tax on dividends paid		9,720	11,288	-	-
<b>Total current tax expense</b>		<b>203,371</b>	<b>50,115</b>	<b>167,281</b>	<b>20,643</b>
<b>Deferred income tax</b>					
- (Decrease)/increase in deferred tax liability	31	85,207	256,732	92,311	198,617
- Increase/(decrease) in deferred tax assets	31	(4,436)	(88,280)	(4,062)	(87,976)
<b>Total deferred tax expense</b>		<b>80,771</b>	<b>168,452</b>	<b>88,249</b>	<b>110,641</b>
		<b>284,142</b>	<b>218,567</b>	<b>255,530</b>	<b>131,284</b>

Income tax expense is attributable to:

	Notes	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Income tax expense charged / (released):</b>					
<b>To profit or loss</b>					
- Deferred tax attributable to profit or loss	31	123,048	186,065	130,550	128,300
- Current income tax on profits for the year.	33	203,371	50,115	167,281	20,643
		<b>326,419</b>	<b>236,180</b>	<b>297,831</b>	<b>148,943</b>
<b>To other comprehensive income</b>					
- Deferred tax attributable to other comprehensive income	31	(42,277)	(17,613)	(42,301)	(17,659)
<b>Income tax expense</b>		<b>284,142</b>	<b>218,567</b>	<b>255,530</b>	<b>131,284</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The standard rate of income tax is 30% applicable for the current year.

According to the Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, agro farming was exempted from income tax for a period of 5 years effective from 1 April 2019, which was applicable till the year of assessment 2023/2024.

Reconciliation between current tax expenses and the accounting profit:

	GROUP		COMPANY	
	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
Accounting profit /(loss) before tax	1,045,269	1,130,809	1,037,490	1,159,111
Aggregate expenses not deductible for tax purposes	485,577	461,993	459,974	349,123
Aggregate expenses deductible for tax purposes	(857,661)	(465,018)	(857,073)	(464,463)
Aggregate disallowable income	(77,073)	(276,988)	(82,786)	(253,583)
<b>Total statutory income</b>	<b>596,112</b>	<b>850,796</b>	<b>557,605</b>	<b>790,188</b>
Tax exempt income from Agro Farming	-	745,910	-	745,910
Taxable income from Plantation Business	437,914	-	437,914	-
Taxable loss from Agro Processing	-	(24,531)	-	(24,531)
Taxable income from subsidiaries	87,869	60,608	-	-
Other sources of Income	119,691	68,809	119,691	68,809
<b>Total statutory income</b>	<b>645,474</b>	<b>850,796</b>	<b>557,605</b>	<b>790,188</b>
Income Tax @ 30%	193,642	38,825	167,281	20,643
<b>Income tax expense</b>	<b>193,642</b>	<b>38,825</b>	<b>167,281</b>	<b>20,643</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
11****Earnings per share****11.1 Basic earnings per share**

Basic earnings per share has been calculated by dividing the profit for the year attributable to equity holders of the Group and Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding during the year, as per the requirements of the Sri Lanka Accounting Standard - LKAS 33 on 'Earning per Share'.

Calculation of basic earnings per share;

	GROUP		COMPANY	
	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
Net profit attributable to shareholders	716,839	893,488	739,659	1,010,168
Weighted average number of ordinary shares in issue (thousands)	236,667	236,667	236,667	236,667
Basic earnings per share (LKR)	3.03	3.78	3.13	4.27

**11.2 Diluted earnings per share**

The calculation of diluted earning per share is based on profit attributable to ordinary shareholders of the Group and Company and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the financial year.



**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
12****Right-of-use assets**

	Notes	GROUP		COMPANY	
		Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
Right-of-use asset-land	12.1	350,438	306,064	350,438	306,064
Right-of-use asset-building	12.2	17,659	12,356	17,659	12,356
<b>Closing Balance</b>		<b>368,097</b>	<b>318,420</b>	<b>368,097</b>	<b>318,420</b>

**12.1 Right-of-use asset-land**

	GROUP		COMPANY	
	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Cost</b>				
As at 1 April	355,090	238,916	355,090	238,916
Remeasurement of lease liabilities	61,896	116,174	61,896	116,174
<b>Closing balance</b>	<b>416,986</b>	<b>355,090</b>	<b>416,986</b>	<b>355,090</b>
<b>Accumulated amortisation</b>				
As at 1 April	49,026	34,452	49,026	34,452
Amortisation for the year	17,522	14,574	17,522	14,574
<b>Closing balance</b>	<b>66,548</b>	<b>49,026</b>	<b>66,548</b>	<b>49,026</b>
<b>Carring value as at 31 March</b>	<b>350,438</b>	<b>306,064</b>	<b>350,438</b>	<b>306,064</b>

The leases of JEDB / SLSPC estates were assigned to the Company for a period of 27 years as per the arrangement sanctioned by the High Court of the Western Province on 20 July 2017 in case No HC (Civil) 28/2017/CO. The leasehold rights to the land on all the estates have been taken into the books of the Company as at 30 September 2017 after the arrangement was approved by the courts on 26 September 2017.

"Right-of-use asset-land" 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 applicable with effect from 01 January 2019, and above "Right of-use asset-land" has accounted in accordance with standard with effect from 01 April 2019 together with the Application Guidance issued by CA Sri Lanka on 12 March 2020 and right-of-use assets are measured based on the Modified Retrospective Approach.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The Company remeasured the lease liability to reflect changes to the subsequently lease payments and recognized the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset and this right-of-use asset is amortized over the remaining lease term or useful life of the right which ever is shorter on a straight-line basis.

Corresponding lease liability is given in the note 28 to the Financial Statements.

**12.2 Right-of-use asset-Building**

- (a) Hatton Plantations PLC (Head Office) as a tenant, is occupying a building which belongs to Perpetual Realty (Private) Limited, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement.
- (b) Hatton Plantations PLC (Tea Club) as a tenant, is occupying a building which belongs to Watawala Plantations PLC since 1st July 2021. Corresponding lease liability is given in the note 28 to the Financial Statements.

These Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The effect to the Statement of Financial Position and depreciation of building to 31st March 2025 are as follows:

	GROUP		COMPANY	
	Year ended 31 March 2025	Year ended 31 March 2024	Year ended 31 March 2025	Year ended 31 March 2024
<b>Cost</b>				
As at 1 April	21,568	15,974	21,568	15,974
Additions	8,877	5,594	8,877	5,594
<b>Closing balance</b>	<b>30,445</b>	<b>21,568</b>	<b>30,445</b>	<b>21,568</b>
<b>Accumulated depreciation</b>				
As at 1 April	9,212	5,769	9,212	5,769
Charge for the year	3,574	3,443	3,574	3,443
<b>Closing balance</b>	<b>12,786</b>	<b>9,212</b>	<b>12,786</b>	<b>9,212</b>
<b>Carring value as at 31 March</b>	<b>17,659</b>	<b>12,356</b>	<b>17,659</b>	<b>12,356</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
13****Immovable estate assets**

<b>Group / Company</b>	<b>Improvements to lands</b>	<b>Other vested assets</b>	<b>Bearer plants</b>	<b>Roads and bridges</b>	<b>Total</b>
<b>Cost</b>					
As at 1 April 2024	354	1,319	64,755	187	<b>66,615</b>
<b>As at 31 March 2025</b>	<b>354</b>	<b>1,319</b>	<b>64,755</b>	<b>187</b>	<b>66,615</b>
<b>Accumulated amortisation</b>					
As at 1 April 2023	354	1,319	49,465	70	<b>51,208</b>
Amortisation for the year	-	-	5,097	13	<b>5,110</b>
<b>As at 31 March 2024</b>	<b>354</b>	<b>1,319</b>	<b>54,562</b>	<b>83</b>	<b>56,318</b>
As at 1 April 2024	354	1,319	54,562	83	<b>56,318</b>
Amortisation for the year	-	-	5,097	13	<b>5,110</b>
<b>As at 31 March 2025</b>	<b>354</b>	<b>1,319</b>	<b>59,659</b>	<b>96</b>	<b>61,428</b>
<b>As at 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>10,193</b>	<b>104</b>	<b>10,297</b>
<b>As at 31 March 2025</b>	<b>-</b>	<b>-</b>	<b>5,096</b>	<b>91</b>	<b>5,187</b>

The leases of JEDB / SLSPC estates were assigned to the Company for a period of 27 years as per the arrangement sanctioned by the High Court of the Western Province on 20 July 2017 in case No HC (Civil) 28/2017/CQ. Immovable estate assets on all the estates have been taken into the books of the Company as at 30 September 2017 after the arrangement was approved by the courts on 26 September 2017.

**NOTES TO THE FINANCIAL STATEMENTS (contd)**  
(all amounts in Sri Lankan Rupees thousands)

**NOTE  
14**

**Property, plant and equipment**

**Group**

In LKR '000s	Buildings	Capital work in progress	Civil Works & Construction	Electrical equipment & power plant	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Road and bridges	Sanitation, water and electricity	Mini hydro plants	Others	Total
<b>Cost</b>														
As at 1 April 2023	702,307	44,897	64,077	345,160	111,745	672,861	50,188	19,962	16,074	51,839	8,296	37,104	1,096	2,125,606
Additions	5,396	14,253	37	-	33,083	14,646	29,413	2,304	1,806	2,484	-	725	1,000	105,147
Capitalized during the year	8,362	(29,212)	-	-	724	16,626	-	-	-	-	-	3,500	-	-
<b>As at 31 March 2024</b>	<b>716,065</b>	<b>29,938</b>	<b>64,114</b>	<b>345,160</b>	<b>145,552</b>	<b>704,133</b>	<b>79,601</b>	<b>22,266</b>	<b>17,880</b>	<b>54,323</b>	<b>8,296</b>	<b>41,329</b>	<b>2,096</b>	<b>2,230,753</b>
<b>Cost</b>														
As at 1 April 2024	716,065	29,938	64,114	345,160	145,552	704,133	79,601	22,266	17,880	54,323	8,296	41,329	2,096	2,230,753
Additions	9,604	17,685	-	-	3,540	20,158	27,578	4,483	3,082	3,018	360	630	-	90,138
Capitalized during the year	7,433	(7,433)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
<b>As at 31 March 2025</b>	<b>733,102</b>	<b>40,190</b>	<b>64,114</b>	<b>345,160</b>	<b>149,092</b>	<b>718,049</b>	<b>107,179</b>	<b>26,749</b>	<b>20,962</b>	<b>57,341</b>	<b>8,656</b>	<b>41,959</b>	<b>2,096</b>	<b>2,314,649</b>
<b>Accumulated depreciation</b>														
As at 1 April 2023	101,278	-	5,549	30,438	81,083	343,131	24,424	6,286	8,649	9,005	4,393	28,572	112	642,920
Charge for the year	24,640	-	3,707	20,304	12,701	54,553	4,464	5,457	1,532	1,267	1,068	2,246	679	132,618
<b>As at 31 March 2024</b>	<b>125,918</b>	<b>-</b>	<b>9,256</b>	<b>50,742</b>	<b>93,784</b>	<b>397,684</b>	<b>28,888</b>	<b>11,743</b>	<b>10,181</b>	<b>10,272</b>	<b>5,461</b>	<b>30,818</b>	<b>791</b>	<b>775,538</b>
<b>Accumulated depreciation</b>														
As at 1 April 2024	125,918	-	9,256	50,742	93,784	397,684	28,888	11,743	10,181	10,272	5,461	30,818	791	775,538
Charge for the year	22,311	-	3,707	20,305	17,791	47,418	9,841	4,779	1,563	1,738	547	2,020	759	132,779
Disposals	-	-	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
<b>As at 31 March 2025</b>	<b>148,229</b>	<b>-</b>	<b>12,963</b>	<b>71,047</b>	<b>111,575</b>	<b>438,860</b>	<b>38,729</b>	<b>16,522</b>	<b>11,744</b>	<b>12,010</b>	<b>6,008</b>	<b>32,838</b>	<b>1,550</b>	<b>902,075</b>
<b>Carrying value</b>														
As at 31 March 2024	590,147	29,938	54,858	294,418	51,768	306,449	50,713	10,523	7,699	44,051	2,835	10,511	1,305	1,455,215
<b>As at 31 March 2025</b>	<b>584,873</b>	<b>40,190</b>	<b>51,151</b>	<b>274,113</b>	<b>37,517</b>	<b>279,189</b>	<b>68,450</b>	<b>10,227</b>	<b>9,218</b>	<b>45,331</b>	<b>2,648</b>	<b>9,121</b>	<b>546</b>	<b>1,412,574</b>

(a) Cost of fully depreciated assets still in use as at 31 March 2025 amounts to LKR 745,022,523 (2024 - LKR 783,056,019).

(b) Depreciation expense of LKR 121,319,562 (2024 - LKR 124,423,411) has been charged in cost of goods sold and LKR 11,459,438 (2024 - LKR 8,194,801) in administrative expenses.

(b) There were no idle property plant and equipment as at 31 March 2025.

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**Company**

In LKR '000s	Buildings	Capital work in progress	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Road and bridges	Sanitation, water and electricity	Mini hydro plants	Others	Total
<b>Cost</b>												
As at 1 April 2023	702,307	44,897	111,745	672,861	49,772	19,962	14,192	51,839	8,296	37,104	1,097	1,714,072
Additions	5,396	14,253	33,083	14,646	29,413	2,304	1,770	2,484	-	725	1,001	105,075
Capitalized during the year	8,362	(29,212)	724	16,626	-	-	-	-	-	3,500	-	-
<b>As at 31 March 2024</b>	<b>716,065</b>	<b>29,938</b>	<b>145,552</b>	<b>704,133</b>	<b>79,185</b>	<b>22,266</b>	<b>15,962</b>	<b>54,323</b>	<b>8,296</b>	<b>41,329</b>	<b>2,098</b>	<b>1,819,147</b>
<b>Cost</b>												
As at 1 April 2024	716,065	29,938	145,552	704,133	79,185	22,266	15,962	54,323	8,296	41,329	2,098	1,819,147
Additions	9,604	17,685	3,540	20,158	27,578	4,483	2,920	3,018	360	630	-	89,976
Capitalized during the year	7,433	(7,433)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
<b>As at 31 March 2025</b>	<b>733,102</b>	<b>40,190</b>	<b>149,092</b>	<b>718,049</b>	<b>106,763</b>	<b>26,749</b>	<b>18,882</b>	<b>57,341</b>	<b>8,656</b>	<b>41,959</b>	<b>2,098</b>	<b>1,902,881</b>
<b>Accumulated depreciation</b>												
As at 1 April 2023	101,278	-	81,083	343,131	24,139	6,286	7,410	9,005	4,393	28,572	112	605,409
Charge for the year	24,640	-	12,701	54,553	4,383	5,457	1,362	1,267	1,068	2,246	679	108,356
<b>As at 31 March 2024</b>	<b>125,918</b>	<b>-</b>	<b>93,784</b>	<b>397,684</b>	<b>28,522</b>	<b>11,743</b>	<b>8,772</b>	<b>10,272</b>	<b>5,461</b>	<b>30,818</b>	<b>791</b>	<b>713,765</b>
<b>Accumulated depreciation</b>												
As at 1 April 2024	125,918	-	93,784	397,684	28,522	11,743	8,772	10,272	5,461	30,818	791	713,765
Charge for the year	22,311	-	17,791	47,418	9,791	4,779	1,374	1,738	547	2,020	759	108,528
Disposals	-	-	-	(6,242)	-	-	-	-	-	-	-	(6,242)
<b>As at 31 March 2025</b>	<b>148,229</b>	<b>-</b>	<b>111,575</b>	<b>438,860</b>	<b>38,313</b>	<b>16,522</b>	<b>10,146</b>	<b>12,010</b>	<b>6,008</b>	<b>32,838</b>	<b>1,550</b>	<b>816,051</b>
<b>Carrying value</b>												
As at 31 March 2024	590,147	29,938	51,768	306,449	50,663	10,523	7,190	44,051	2,835	10,511	1,307	1,105,382
<b>As at 31 March 2025</b>	<b>584,873</b>	<b>40,190</b>	<b>37,517</b>	<b>279,189</b>	<b>68,450</b>	<b>10,227</b>	<b>8,736</b>	<b>45,331</b>	<b>2,648</b>	<b>9,121</b>	<b>548</b>	<b>1,086,830</b>

(a) Cost of fully depreciated assets still in use as at 31 March 2025 amounts to LKR 524,006,433 (2024 - LKR 562,039,929).

(b) Depreciation expense of LKR 97,068,562 (2024 - LKR 100,160,199) has been charged in cost of goods sold and LKR 11,459,438 (2024 - LKR 8,194,801) in administrative expenses.

(b) There were no idle property plant and equipment as at 31 March 2025.



**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
15****Bearer plants****Group/Company**

	Nurseries		Immature plants			Mature plants		
	Tea	Other	Tea	Coffee	Other	Tea	Other	Total
Cost								
As at 1 April 2023	23,660	1,824	475,869	95,007	2,692	676,907	101,793	1,377,752
Additions	16,960	28	206,829	24,572	312	-	-	248,701
Borrowing costs capitalisation	-	-	5,949	-	-	-	-	5,949
Transfers from nursery to immature plants	(21,631)	(1,825)	21,631	-	1,825	-	-	-
Transfers from immature plants to mature plants	-	-	(175,002)	-	-	175,002	-	-
As at 31 March 2024	18,989	27	535,276	119,579	4,829	851,909	101,793	1,632,402
As at 1 April 2024	18,989	27	535,276	119,579	4,829	851,909	101,793	1,632,402
Additions	21,083	3,203	157,144	63,828	2,969	-	-	248,228
Transfers from nursery to immature plants	(11,350)	(1,282)	11,350	-	1,282	-	-	-
Transfers from immature plants to mature plants	-	-	(171,080)	(73,184)	-	171,080	73,184	-
As at 31 March 2025	28,722	1,948	532,690	110,223	9,080	1,022,989	174,977	1,880,630
Accumulated depreciation								
As at 1 April 2023	-	-	-	-	-	150,436	89,130	239,566
Charge for the year	-	-	-	-	-	31,676	1,148	32,824
As at 31 March 2024	-	-	-	-	-	182,112	90,278	272,390
As at 1 April 2024	-	-	-	-	-	182,112	90,278	272,390
Charge for the year	-	-	-	-	-	39,058	1,376	40,434
As at 31 March 2025	-	-	-	-	-	221,170	91,654	312,824
Carrying value								
As at 31 March 2024	18,989	27	535,276	119,579	4,829	669,797	11,515	1,360,012
As at 31 March 2025	28,722	1,948	532,690	110,223	9,080	801,819	83,323	1,567,806

- a) Bearer plants mainly consists of tea bushes. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with Sri Lanka Accounting Standard - LKAS 16 - "Property, Plants and Equipment".
- b) The transfer of immature plantations to mature plantations is made when the plantation is ready for commercial harvesting.
- c) Specific borrowings had been obtained to finance the planting expenditure. Hence, borrowing costs of LKR 5,949,062, were capitalized during the prior period under Immature Plantations. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's specific borrowings during the year, in this case 18.24% (2023/2024).

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
16****Biological Assets****16.1 Consumable biological assets****Group/Company**

	Nurseries	Immature plantations	Mature plantations	Total
<b>At fair value</b>				
As at 1 April 2023	1,699	72,672	1,973,316	2,047,687
Additions	770	11,083	-	11,853
Transfers from nursery to immature plants	(1,094)	1,094	-	-
Transfers from immature plants to mature plants	-	(5,228)	5,228	-
Gain arising from changes in fair value less cost to sell	-	-	190,932	190,932
<b>As at 31 March 2024</b>	<b>1,375</b>	<b>79,621</b>	<b>2,169,476</b>	<b>2,250,472</b>
As at 1 April 2024	1,375	79,621	2,169,476	2,250,472
Additions	1,307	7,060	-	8,367
Transfers from nursery to immature plants	(300)	300	-	-
Transfers from immature plants to mature plants	-	(7,891)	7,891	-
Gain arising from changes in fair value less cost to sell	-	-	41,607	41,607
<b>As at 31 March 2025</b>	<b>2,382</b>	<b>79,090</b>	<b>2,218,974</b>	<b>2,300,446</b>

- a) The mature consumable biological assets are stated at fair value determined based on an independent valuation of timber / trees performed by Messrs W M Chandrasena, Chartered Valuation Surveyor, FIV(SL), MRICS(UK).

	As at 31 March	
	2025	2024
- Expected rate of return	16% p.a	16% p.a
- Maturity for harvesting	25 years	25 years
- Number of trees valued	166,415	166,981

- b) Immature consumable biological assets comprising trees under five years old are carried at cost less accumulated impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***Sensitivity analysis**

The financial impact on the value appearing in the statement of financial position due to change of selling price and variation of discount rate is given below.

**a) Sensitivity variation sales price (using 5% estimated variation)**

	As at 31 March 2025	As at 31 March 2024
Sale price - increase by 5%	2,329,923	2,277,950
Sale price - value as stands	2,218,974	2,169,476
Sale price - decrease by 5%	2,108,025	2,061,002

**b) Sensitivity variation discount rate (using 1.0% variation)**

Simulations made for the timber trees show that a increase or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

	As at 31 March 2025	As at 31 March 2024
Discount rate - increase by 1%	2,214,315	2,164,288
Discount rate - value as stands	2,218,974	2,169,476
Discount rate - decrease by 1%	2,223,993	2,175,043

These rate differences are only affecting to the 21% of the trees due to the 79% of the trees are more than 25 years old.

**16.2 Produce crops on bearer plants**

	As at 31 March 2025	As at 31 March 2024
As at 1 April	20,038	23,656
Movement of fair value	10,286	(3,618)
<b>Closing balance</b>	<b>30,324</b>	<b>20,038</b>

The volume of produce crops growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year for tea taking three days crop (50% of 6 days cycle).

Produce crops that grows on mature bearer plants are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***a. Recognition and measurement****Measuring biological assets at fair value**

Consumable biological assets are measured at fair value less cost to sell, based on market prices at present market and timber auction, with adjustments, where necessary, to reflect the differences. Market prices are obtained from the local market, which is considered the principal market for the purpose of the valuation.

Growing crops on bearer plants are measured at fair value less cost to sell, based on market prices of bought leaf with adjustments, where necessary, to reflect the differences. Market prices are obtained from the monthly auctions at the local market, which is considered the principal market for the purpose of the valuation.

**Amounts recognised profit or loss**

During the year, the following gains / (losses) arisen from fair value changes were recognized in profit or loss:

	As at 31 March 2025	As at 31 March 2024
<b>Total gain / (loss) for the period recognised in profit or loss</b>		
Biological assets – consumable	41,607	190,932
Biological assets – produce crops on bearer plants	10,286	(3,618)
	<b>51,893</b>	<b>187,314</b>

**Fair value hierarchy**

The fair value measurement of consumable biological assets and produce on bearer plants have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgements and estimates made in determining the fair values of the biological assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards.

	Notes	Level 1	Level 2	Level 3	Total
<b>31 March 2024</b>					
Biological assets – consumable	16.1	-	-	2,169,476	2,169,476
Biological assets – produce crops on bearer plants	16.2	-	-	20,038	20,038
		-	-	<b>2,189,514</b>	<b>2,189,514</b>
<b>31 March 2025</b>					
Biological assets – consumable	16.1	-	-	2,218,974	2,218,974
Biological assets – produce crops on bearer plants	16.2	-	-	30,324	30,324
		-	-	<b>2,249,298</b>	<b>2,249,298</b>

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***b. Valuation techniques used to determine fair values****i) Discounted cash flow method**

To value the mature plants discounted cash flow method is used. The discounting rate should be market derived adjusted to recognize the risk factors affecting the maintenance of stock due to vagaries, weather, disease, historical yield, age of the plantation, genetic factors of stock, etc.

**ii) Replacement cost basis**

To value the young pre-merchantable plantations Replacement Cost Basis is adopted. The rationale being

that there is no market determined prices or values and specially little biological transformation has taken place since the initial cost of planting or the impact of the biotical transformation on the price especially initial growth in 25 - 30 years of production cycle.

**iii) Estimated cost**

The volume of produce growing on bearer plants (tea) is measured using the estimated crop of the last harvesting round of the year by three days crop (50% of 6 days round).

**c. Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of biological assets.

Description	Fair value of mature plants / growing crop as at 31 March		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2025	2024		2025	2024	
Biological assets - Consumable	2,218,974	2,169,476	Discount rate	16%	16%	The higher the discount rate, the lower the fair value. The trees are above 25 years not discounted due to reaching harvesting age.
			Maturity for harvesting	25 years	25 years	The higher maturity for harvesting, the lower the fair value. The trees are above 25 years not discounted due to reaching harvesting age.
			Price per Cubic meter	Rs.3,000/- to Rs.27500/-	Rs.3,000/- to Rs.27500/-	The higher the price per cu. meter, the higher the fair value
Biological assets - produce crops on bearer plants	30,324	20,038	Harvesting cycle of crop	3 days crop (50% of 6 days round)	3 days crop (50% of 6 days round)	Higher the crop in the harvesting cycle, higher the fair value.



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
17****Investment in subsidiary**

Hatton Plantations PLC holds 4,180,599 (95.43%) ordinary shares of Mark Marine Services (Private) Limited.

	COMPANY	
	As at 31 March 2025	As at 31 March 2024
Mark Marine Services (Private) Limited	586,142	556,141
<b>Closing balance</b>	<b>586,142</b>	<b>556,141</b>

	Company	
	As at 31 March 2025	As at 31 March 2024
Balance as at 1 April	556,141	466,405
Change in fair value of the investments	30,001	89,736
<b>Closing balance as at 31 March</b>	<b>586,142</b>	<b>556,141</b>

**Amounts recognised other comprehensive income**

During the year, the following gains were recognised in other comprehensive income:

	COMPANY	
	As at 31 March 2025	As at 31 March 2024
<b>Gains recognised in other comprehensive income</b>		
- Related to equity investments in Mark Marine Services (Private) Limited	30,001	89,736
	<b>30,001</b>	<b>89,736</b>

**a. Recognised fair value measurements****Fair value hierarchy**

The fair value measurement of equity investments have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group and the Company have classified its financial instruments into the three levels prescribed under the accounting standards.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

	Level 1	Level 2	Level 3	Total
<b>31 March 2024</b>				
Investment in subsidiary at FVOCI	-	-	556,141	556,141
	-	-	556,141	556,141
<b>31 March 2025</b>				
Investment in subsidiary at FVOCI	-	-	586,142	586,142
	-	-	586,142	586,142

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**b) Valuation techniques used to determine fair values****i) Price to book value multiple basis of valuation**

This valuation methods is used to compare the company's net assets available to common shareholders relative to the sale price of stock. The stock price per share can be found as the amount listed as such through the secondary market.

**c) Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of Investment in subsidiary at FVOCI.

Description	Fair value of equity investments as at 31 March		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2025	2024		2025	2024	
Investment in subsidiary at FVOCI	586,142	556,141	Adjusted average price to book value ratio of listed comparable peer companies	2.34	2.03	The higher the price to book value ratio, the higher the fair value.

(a) Sensitivity variation unobservable input (using 1% estimated variation)

	Company	
	As at 31 March 2025	As at 31 March 2024
unobservable input - increase by 1%	592,003	561,702
unobservable input - value as stands	586,142	556,141
unobservable input - decrease by 1%	580,281	550,580

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
18****Equity investments at fair value through other comprehensive income**

Equity investments at FVOCI comprise the following unlisted individual investments:

	COMPANY	
	As at 31 March 2025	As at 31 March 2024
Unit Energy Lanka (Private) Limited	26,543	27,403
<b>Closing balance</b>	<b>26,543</b>	<b>27,403</b>

Hatton Plantations PLC holds 1,076,300 (5%) ordinary shares of Unit Energy Lanka (Private) Limited.

Group / Company	Unit Energy Lanka (Private) Limited	Total
As at 1 April 2023	18,428	18,428
Change in fair value of equity investments	8,975	8,975
<b>As at 31 March 2024</b>	<b>27,403</b>	<b>27,403</b>
As at 1 April 2024	27,403	27,403
Change in fair value of equity investments	(860)	(860)
<b>As at 31 March 2025</b>	<b>26,543</b>	<b>26,543</b>

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

**Amounts recognised other comprehensive income**

During the year, the following gains were recognised in other comprehensive income:

	COMPANY	
	As at 31 March 2025	As at 31 March 2024
<b>Gains recognised in other comprehensive income</b>		
- Related to equity investments in Unit Energy Lanka (Private) Limited	(860)	8,975
	<b>(860)</b>	<b>8,975</b>

NOTES TO THE FINANCIAL STATEMENTS (contd)

(all amounts in Sri Lankan Rupees thousands)

a. Recognised fair value measurements

Fair value hierarchy

The fair value measurement of equity investments have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgements and estimates made in determining the fair values of the financial instruments that

are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

	Level 1	Level 2	Level 3	Total
<b>31 March 2024</b>				
Equity investment at FVOCI	-	-	27,403	27,403
	-	-	27,403	27,403
<b>31 March 2025</b>				
Equity investment at FVOCI	-	-	26,543	26,543
	-	-	26,543	26,543

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b. Valuation techniques used to determine fair values

(i) Price to book value multiple basis of valuation

This valuation method is used to compare the company's net assets available to common shareholders relative to the sale price of stock. The stock price per share can be found as the amount listed as such through the secondary market.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***c. Valuation inputs and relationships to fair value**

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of equity investments at FVOCI.

Description	Fair value of equity investments as at 31 March		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	2025	2024		2025	2024	
Equity investment at FVOCI	26,543	27,403	Adjusted average price to book value ratio of listed comparable peer companies	2.34	2.03	The higher the price to book value ratio, the higher the fair value.

**a) Sensitivity variation unobservable input (using 1% estimated variation)**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Unobservable input - increase by 1%	26,807	27,677	26,807	27,677
Unobservable input - value as stands	26,543	27,403	26,543	27,403
Unobservable input - decrease by 1%	26,277	27,129	26,277	27,129

**NOTE  
19****Invest in financial assets****19.1 Short term investment**

	Group		Company	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Fixed deposits	1,113,085	600,489	1,113,085	600,489
	<b>1,113,085</b>	<b>600,489</b>	<b>1,113,085</b>	<b>600,489</b>



**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
20****Financial assets and financial liabilities**

The Company holds the following financial instruments:

<b>Financial assets</b>		<b>GROUP</b>		<b>COMPANY</b>	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
	Notes				
<b>Financial assets at amortised cost</b>					
- Trade and other receivable excluding pre-payments	22	114,584	143,500	110,933	138,674
- Amount due from related party	23	263	957	263	957
- Short term investment in financial assets	19.1	1,113,085	600,489	1,113,085	600,489
- Cash and cash equivalents	24	536,311	504,453	482,771	447,339
Investment in subsidiary at fair value through other comprehensive income (FVOCI)	17	-	-	586,142	556,141
Equity investments at fair value through other comprehensive income	18	26,543	27,403	26,543	27,403
		<b>1,790,786</b>	<b>1,276,802</b>	<b>2,319,737</b>	<b>1,771,003</b>

The Company's exposure to various risks associated with the financial instruments is discussed in note 39. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

<b>Financial liabilities</b>		<b>GROUP</b>		<b>COMPANY</b>	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
	Notes				
<b>Liabilities at amortised cost</b>					
- Borrowings (excluding finance lease liability)	27	225,872	175,393	225,872	175,393
- Finance lease liabilities	28	433,895	368,521	433,895	368,521
- Trade and other payables excluding non-financial liabilities	32	403,108	270,521	401,423	268,966
		<b>1,062,875</b>	<b>814,435</b>	<b>1,061,190</b>	<b>812,880</b>

The company's exposure to various risks associated with the financial instruments is discussed in Note 39. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
21****Inventories**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Produce stock	448,925	379,871	448,925	379,871
Input materials, spares and consumables	160,228	253,018	159,057	251,847
<b>Closing balance</b>	<b>609,153</b>	<b>632,889</b>	<b>607,982</b>	<b>631,718</b>

**NOTE  
22****Trade and other receivables**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Trade receivables (a)	50,152	89,341	46,562	85,989
Other receivables (b)	64,432	54,159	64,371	52,685
<b>Financial assets at amortised cost</b>	<b>114,584</b>	<b>143,500</b>	<b>110,933</b>	<b>138,674</b>
Tax receivables	23,276	23,883	23,276	23,883
Employee advances	62,310	63,815	61,597	63,815
Prepayments	12,838	13,465	9,575	13,465
<b>Closing balance</b>	<b>213,008</b>	<b>244,663</b>	<b>205,381</b>	<b>239,837</b>

**a) Fair values of trade receivables**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

**b) Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Company.

**c) Impairment and risk exposure**

Information about the impairment of trade receivables and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 39 (c).

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
23****Amounts due from related companies**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Lotus Hydropower PLC	139	113	139	113
Origin Tea Exports (Private) Limited	124	10	124	10
Sri Bio Tech Lanka (Private) Limited	-	834		834
<b>Closing balance</b>	<b>263</b>	<b>957</b>	<b>263</b>	<b>957</b>

**NOTE  
24****Cash and cash equivalents**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Cash at bank	42,823	175,834	17,696	167,686
Cash in hand	2,019	2,258	1,949	2,203
Short term bank deposit	491,469	326,361	463,126	277,450
<b>Closing balance</b>	<b>536,311</b>	<b>504,453</b>	<b>482,771</b>	<b>447,339</b>

**i) Reconciliation to cash flow statement**

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Balances as above	536,311	504,453	482,771	447,339
Bank over draft	(110,110)	-	(110,110)	-
<b>Balance as per cash flow statement</b>	<b>426,201</b>	<b>504,453</b>	<b>372,661</b>	<b>447,339</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
25****Stated capital**

	Number of shares	Value (LKR)
As at 31 March 2024	236,666,671	1,803,400
As at 31 March 2025	236,666,671	1,803,400

The Company has issued and fully paid 236,666,670 ordinary shares and 1 golden share.

**The Golden Shareholder**

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the State of Sri Lanka or by a 100% State owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

- a) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased.
- b) 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.

- c) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.
- d) The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each fiscal year.
- e) The Golden Shareholder can request the Board of Directors of the Company to meet with him/his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
26****Non-controlling interests (NCI)**

Set out below is summarised financial information for the subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

**Summarised balance sheet**

	Mark Marine Services (Private) Limited	
	As at 31 March 2025	As at 31 March 2024
Current assets	62,338	63,111
Current liabilities	21,922	16,695
<b>Current net assets</b>	<b>40,416</b>	<b>46,416</b>
Non-current assets	325,768	349,867
Non-current liabilities	103,651	109,895
<b>Non-current net assets</b>	<b>222,117</b>	<b>239,972</b>
<b>Net assets</b>	<b>262,533</b>	<b>286,388</b>
Accumulated NCI	14,993	16,082

**Summarised statement of comprehensive income**

	Mark Marine Services (Private) Limited	
	As at 31 March 2025	As at 31 March 2024
Revenue	121,965	91,662
Profit for the period	43,986	24,946
Other comprehensive income	58	108
<b>Total comprehensive income</b>	<b>44,044</b>	<b>25,054</b>
Profit allocated to NCI	2,014	1,146
Dividends paid to NCI	3,103	3,600
<b>Summarised cash flows</b>		
Cash flows from operating activities	59,312	131,634
Cash flows from investing activities	(62,868)	(76,781)
Cash flows from financing activities	(18)	(17)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,574)</b>	<b>54,836</b>



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
27****Borrowings**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>Repayable after one year</b>				
Term loan	64,313	115,762	64,313	115,762
	<b>64,313</b>	<b>115,762</b>	<b>64,313</b>	<b>115,762</b>
<b>Repayable within one year</b>				
Term loan	51,449	59,631	51,449	59,631
Bank overdrafts	110,110	-	110,110	-
	<b>161,559</b>	<b>59,631</b>	<b>161,559</b>	<b>59,631</b>
<b>Closing balance</b>	<b>225,872</b>	<b>175,393</b>	<b>225,872</b>	<b>175,393</b>

Movements in term loan and tea board loan during the period are set out below:

Group/Company	Term loan	Total
As at 01 April 2023	309,337	309,337
Repaid during the period	(133,944)	(133,944)
<b>As at 31 March 2024</b>	<b>175,393</b>	<b>175,393</b>
As at 01 April 2024	175,393	175,393
Repaid during the period	(59,631)	(59,631)
<b>As at 31 March 2025</b>	<b>115,762</b>	<b>115,762</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

Total borrowings at 31 March can be analysed as follows:

**Group / Company**

	Analysis of borrowings based on the repayment schedule			
	Within one year	2-3 years	4-5 years	Total
Term loan	59,631	102,898	12,864	175,393
<b>As at 31 March 2024</b>	<b>59,631</b>	<b>102,898</b>	<b>12,864</b>	<b>175,393</b>
Term loan	51,449	64,313	-	115,762
Bank overdrafts	110,110	-	-	110,110
<b>As at 31 March 2025</b>	<b>161,559</b>	<b>64,313</b>	<b>-</b>	<b>225,872</b>

**Fair value**

All borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

**Particulars about loan facilities****Group / Company**

DFCC BANK

Purpose : Acquisition of Mark Marine (Private) Limited

Year	Outstanding liability 2024/ 2025					
	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2025	Repayment term
2021/22	387,000	AWPLR+0.75%	51,449	64,313	115,762	72 equal monthly instalments commencing from July 2021
<b>As at 31 March 2025</b>		<b>-</b>	<b>51,449</b>	<b>64,313</b>	<b>115,762</b>	

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
28****Lease liability**

	Note	GROUP		COMPANY	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Lease liability on Right-of-Use asset- Land	28.1	414,680	353,654	414,680	353,654
Lease liability on Right-of-Use asset- Building	28.2	19,215	13,961	19,215	13,961
Lease liability on Motor Vehicle	28.3	-	906	-	906
<b>Closing balance</b>		<b>433,895</b>	<b>368,521</b>	<b>433,895</b>	<b>368,521</b>

**28.1 Lease liability on Right-of-Use asset- Land**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
As at 1 April	353,654	238,062	353,654	238,062
Remeasurement of lease liabilities	61,896	116,174	61,896	116,174
Interest charges for the year	98,391	83,885	98,391	83,885
Settlement of liability	(99,261)	(84,467)	(99,261)	(84,467)
<b>Closing balance</b>	<b>414,680</b>	<b>353,654</b>	<b>414,680</b>	<b>353,654</b>

**28.2 Lease liability on Right-of-Use asset- Building**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
As at 1 April	13,961	11,489	13,961	11,489
Additions	8,877	5,594	8,877	5,594
Interest charges for the year	1,759	1,948	1,759	1,948
Settlement of liability	(5,382)	(5,070)	(5,382)	(5,070)
<b>Closing balance</b>	<b>19,215</b>	<b>13,961</b>	<b>19,215</b>	<b>13,961</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**28.3 Lease liability on Motor Vehicle**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Additions	906	1,500	906	1,500
Interest charges for the year	49	90	49	90
Settlement of liability	(955)	(684)	(955)	(684)
<b>Closing balance</b>	<b>-</b>	<b>906</b>	<b>-</b>	<b>906</b>

This asset reflect in the property plant Equipment under Note 14. (Total cost of the asset is Rs.8.35 Mn)

**28.4 Detailed analysis of lease liability**

Group / Company	Balance as at 31 March 2025			Balance as at 31 March 2024		
	Non-current	Current	Total	Non-current	Current	Total
Lease liability on Right-of-Use asset- Land	413,594	1,086	414,680	352,919	735	353,654
Lease liability on Right-of-Use asset- Building	15,814	3,401	19,215	11,178	2,783	13,961
Lease liability on Motor Vehicle	-	-	-	-	906	906
<b>Net liability to lessor</b>	<b>429,408</b>	<b>4,487</b>	<b>433,895</b>	<b>364,097</b>	<b>4,424</b>	<b>368,521</b>

**28.5 Lease liability can be analysed as follows (maturity period):**

Group / Company	0-1 year	2-3 years	4-5 years	More than 5 years	Total
<b>As at 31 March 2024</b>					
<b>a) Lease liability on Right-of-Use asset- Land</b>					
Interest on lease liability	(83,729)	(166,839)	(165,618)	(1,003,887)	(1,420,073)
Settlement of liability	84,464	168,926	168,926	1,351,411	1,773,727
<b>Net liability</b>	<b>735</b>	<b>2,087</b>	<b>3,308</b>	<b>347,524</b>	<b>353,654</b>
<b>b) Lease liability on Right-of-Use asset- Building</b>					
Interest on lease liability	(1,477)	(1,916)	(640)	(256)	(4,289)
Settlement of liability	4,260	6,815	3,936	3,239	18,250
<b>Net liability</b>	<b>2,783</b>	<b>4,899</b>	<b>3,296</b>	<b>2,983</b>	<b>13,961</b>
<b>c) Lease liability on Motor vehicle</b>					
Interest on lease liability	(52)	-	-	-	(52)
Settlement of liability	958	-	-	-	958
<b>Net liability</b>	<b>906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>906</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

Group / Company	0-1 year	2-3 years	4-5 years	More than 5 years	Total
<b>As at 31 March 2025</b>					
<b>a) Lease liability on Right-of-Use asset- Land</b>					
Interest on lease liability	(98,158)	(195,401)	(193,595)	(1,083,049)	(1,570,203)
Settlement of liability	99,244	198,488	198,488	1,488,663	1,984,883
<b>Net liability</b>	<b>1,086</b>	<b>3,087</b>	<b>4,893</b>	<b>405,614</b>	<b>414,680</b>
<b>b) Lease liability on Right-of-Use asset- Building</b>					
Interest on lease liability	(2,202)	(2,668)	(836)	(84)	(5,790)
Settlement of liability	5,603	10,774	6,828	1,800	25,005
<b>Net liability</b>	<b>3,401</b>	<b>8,106</b>	<b>5,992</b>	<b>1,716</b>	<b>19,215</b>

**NOTE  
29****Retirement benefit obligation**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Post-employment benefits (gratuity)	840,176	884,131	831,393	876,592
	<b>840,176</b>	<b>884,131</b>	<b>831,393</b>	<b>876,592</b>

The amounts recognised in the Statement of financial position and the movements in the net defined benefit obligation over the year are as follows;

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Opening balance as at 1 April	884,131	824,909	876,592	818,381
Current service cost	51,631	47,507	50,303	47,125
Interest cost	109,574	135,661	109,574	134,878
<b>Total amount recognised in profit or loss</b>	<b>161,205</b>	<b>183,168</b>	<b>159,877</b>	<b>182,003</b>
<b>Remeasurements</b>				
- Gain from change in actuarial assumptions	140,918	58,710	141,002	58,864
<b>Total amount recognised in other comprehensive income</b>	<b>140,918</b>	<b>58,710</b>	<b>141,002</b>	<b>58,864</b>
Benefits paid	(346,078)	(182,656)	(346,078)	(182,656)
<b>Closing balance</b>	<b>840,176</b>	<b>884,131</b>	<b>831,393</b>	<b>876,592</b>



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

An actuarial valuation for defined benefit obligation of the Company was carried out as at 31 March 2025 by Mr. M. Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits".

According to the actuarial valuation report issued by the Actuarial and Management Consultants (Private) Limited as at 31 March 2025, the actuarial present value of promised retirement benefits of the Company amounted to LKR. 831,392,519/-. 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 LKR. 1,047,038.024/-.

The following assumptions and data were used in valuing the defined benefit obligation of the Company by the actuarial valuer:

	2025	2024
(i) Rate of interest	12%p.a.	12.5%p.a.
(ii) Rate of salary increase		
- Tea estate associates	10% every year	10% every year
- Estate staff	25% every three years and 5% per annum	25% every three years and 5% per annum
- Estate management and head office staff	10% every year	10% every year
(iii) Retirement age	60 years	60 years
(iv) No of staff	407	408
No of workers	2690	3991

The weighted average durations of the defined benefit obligation at end of the reporting period are 10 years and 9 years for staff and associates respectively. (2024 – 10 years and 9 years for staff and associates).

The expected maturity analysis of retirement benefit obligation is as follows:

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>- Staff</b>				
Within the next 12 months	4,965	9,065	4,965	8,989
Between 2 and 5 years	17,758	20,995	17,758	14,837
Beyond 5 years	76,083	63,533	67,300	62,227
	98,806	93,593	90,023	86,053
<b>- Associates</b>				
Within the next 12 months	87,804	87,230	87,804	87,230
Between 2 and 5 years	187,034	198,571	187,034	198,571
Beyond 5 years	466,532	504,738	466,532	504,738
	741,370	790,539	741,370	790,539

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***Sensitivity analysis**

In order to illustrate the significance of the salary/wage escalation rate and the discount rate assumed in this valuation as at 31 March 2025, a sensitivity analysis was carried out for all employees assuming the following salary/wage escalation rate and discount rate.

		Present value of defined benefit obligation					
		Group			Company		
		Staff	Associates	Total	Staff	Associates	Total
Discount rate	Salary / wage escalation rate						
<b>As at 31 March 2024</b>							
Increase by 1%	As given above	78,911	731,515	810,426	78,876	731,515	810,391
Decrease by 1%	As given above	94,289	858,036	952,325	94,324	858,036	952,360
As given above	Increase by 1%	94,428	862,691	957,119	94,393	862,691	957,084
As given above	Decrease by 1%	78,657	726,602	805,259	78,692	726,602	805,294
<b>As at 31 March 2025</b>							
Increase by 1%	As given above	81,736	687,229	768,965	82,312	687,229	769,541
Decrease by 1%	As given above	99,512	803,196	902,708	98,887	803,196	902,083
As given above	Increase by 1%	99,502	803,452	902,954	98,872	803,452	902,324
As given above	Decrease by 1%	81,598	686,144	767,742	82,189	686,144	768,333
<b>Staff turnover rate</b>							
<b>As at 31 March 2024</b>							
Increase by 1%		86,003	801,689	887,692	86,003	801,689	887,692
Staff turnover rate - value as stands		93,593	790,539	884,132	86,053	790,539	876,592
Decrease by 1%		86,091	778,244	864,335	86,091	778,244	864,335
<b>As at 31 March 2025</b>							
Increase by 1%		89,835	748,958	838,793	89,747	748,958	838,705
Staff turnover rate - value as stands		98,806	741,370	840,176	90,023	741,370	831,393
Decrease by 1%		90,220	733,007	823,227	90,308	733,007	823,315

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
30****Deferred capital grants**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>Capital grants</b>				
As at 1 April	102,490	110,638	102,490	110,638
Additions	-	526	-	526
Amortisation	(6,501)	(8,674)	(6,501)	(8,674)
<b>Closing balance</b>	<b>95,989</b>	<b>102,490</b>	<b>95,989</b>	<b>102,490</b>

Funds have been received from the Plantation Human Development Trust (PHDT), Ministry of Estate Infrastructure for associates' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation etc. Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centers are also

included above. The amounts spent have been capitalised under the relevant property, plant and equipment category and also grants received from Sri Lanka Tea Board for tea immature fields. The capital grants are amortised on a straight-line basis over the useful life of the respective asset.

**NOTE  
31****Deferred income tax liability**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Deferred tax assets (i)	(411,019)	(406,583)	(408,383)	(404,321)
Deferred tax liabilities (ii)	1,010,511	925,304	913,024	820,713
<b>Net deferred Income Tax Liability *</b>	<b>599,492</b>	<b>518,721</b>	<b>504,641</b>	<b>416,392</b>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The gross movement on the deferred income tax account is as follows:

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Opening balance at 1 April	518,721	350,269	416,392	305,751
<b>Income statement (released) / charged</b>				
- to profit or loss	123,048	186,065	130,550	128,300
- to other comprehensive income	(42,277)	(17,613)	(42,301)	(17,659)
<b>Closing balance 31 March</b>	<b>599,492</b>	<b>518,721</b>	<b>504,641</b>	<b>416,392</b>

**i) Deferred tax assets**

The analysis of each type of deductible temporary differences as at 31 March 2024 and 31 March 2025 are as follows:

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>The balance comprises temporary differences attributable to:</b>				
Lease liabilities	(130,168)	(110,556)	(130,168)	(110,556)
Retirement benefit obligation	(252,054)	(265,280)	(249,418)	(263,018)
Capital grants	(28,797)	(30,747)	(28,797)	(30,747)
	<b>(411,019)</b>	<b>(406,583)</b>	<b>(408,383)</b>	<b>(404,321)</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***i) Deferred tax assets**

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances, is as follows:

Group	Lease liabilities	Capital grants	Retirement benefit obligations	Total
At 1 April 2023	(74,251)	(31,913)	(212,139)	(318,303)
<b>Income statement charge / (release)</b>				
- to profit or loss	(36,305)	1,166	(35,528)	(70,667)
- to other comprehensive income	-	-	(17,613)	(17,613)
<b>Closing balance at 31 March 2024</b>	<b>(110,556)</b>	<b>(30,747)</b>	<b>(265,280)</b>	<b>(406,583)</b>
At 1 April 2024	(110,556)	(30,747)	(265,280)	(406,583)
<b>Acquisition of subsidiary</b>				
Income statement charge /(release)				
- to profit or loss	(19,612)	1,950	55,503	37,841
- to other comprehensive income	-	-	(42,277)	(42,277)
<b>Closing balance 31 March 2025</b>	<b>(130,168)</b>	<b>(28,797)</b>	<b>(252,054)</b>	<b>(411,019)</b>

Company	Lease liabilities	Capital grants	Retirement benefit obligations	Total
At 1 April 2023	(74,251)	(31,913)	(210,181)	(316,345)
<b>Income statement charge /(release)</b>				
- to profit or loss	(36,305)	1,166	(35,178)	(70,317)
- to other comprehensive income	-	-	(17,659)	(17,659)
<b>Closing balance at 31 March 2024</b>	<b>(110,556)</b>	<b>(30,747)</b>	<b>(263,018)</b>	<b>(404,321)</b>
At 1 April 2024	(110,556)	(30,747)	(263,018)	(404,321)
<b>Income statement charge /(release)</b>				
- to profit or loss	(19,612)	1,950	55,901	38,239
- to other comprehensive income	-	-	(42,301)	(42,301)
<b>Closing balance 31 March 2025</b>	<b>(130,168)</b>	<b>(28,797)</b>	<b>(249,418)</b>	<b>(408,383)</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**(ii) Deferred tax liabilities**

The analysis of each type of taxable temporary differences as at 31 March 2025 and 31 March 2024 are as follows:

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
<b>The balance comprises temporary differences attributable to:</b>				
Right-of-use assets	110,429	95,526	110,429	95,526
Property plant and equipment	316,025	312,135	218,538	207,544
Bearers plants	470,342	408,004	470,342	408,004
Consumable biological assets	113,715	109,639	113,715	109,639
	<b>1,010,511</b>	<b>925,304</b>	<b>913,024</b>	<b>820,713</b>

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

Group	Right-of-use assets	Property plant and equipment	Bearers biological assets	Consumable biological assets	Total
At 1 April 2023	60,974	164,662	331,649	111,287	668,572
<b>Income statement (release)/charge</b>					
- to profit or loss	34,552	147,473	76,355	(1,648)	256,732
<b>Closing balance at 31 March 2024</b>	<b>95,526</b>	<b>312,135</b>	<b>408,004</b>	<b>109,639</b>	<b>925,304</b>
At 1 April 2024	95,526	312,135	408,004	109,639	925,304
<b>Income statement (release)/charge</b>					
- to profit or loss	14,903	3,890	62,338	4,076	85,207
<b>Closing balance 31 March 2025</b>	<b>110,429</b>	<b>316,025</b>	<b>470,342</b>	<b>113,715</b>	<b>1,010,511</b>

Company	Right-of-use assets	Property plant and equipment	Bearers biological assets	Consumable biological assets	Total
At 1 April 2023	60,974	118,186	331,649	111,287	622,096
<b>Income statement charge/(release)</b>					
- to profit or loss	34,552	89,358	76,355	(1,648)	198,617
<b>Closing balance at 31 March 2024</b>	<b>95,526</b>	<b>207,544</b>	<b>408,004</b>	<b>109,639</b>	<b>820,713</b>
At 1 April 2024	95,526	207,544	408,004	109,639	820,713
<b>Income statement (release)/charge</b>					
- to profit or loss	14,903	10,994	62,338	4,076	92,311
<b>Closing balance 31 March 2025</b>	<b>110,429</b>	<b>218,538</b>	<b>470,342</b>	<b>113,715</b>	<b>913,024</b>



**NOTES TO THE FINANCIAL STATEMENTS (contd)**

(all amounts in Sri Lankan Rupees thousands)

**NOTE  
32****Trade and other payables**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Trade payables	349,470	222,311	349,470	220,776
Employee related dues	229,169	151,921	229,169	151,921
Provisions and accruals	146,125	195,437	146,125	195,437
Other payables	52,871	48,190	51,186	48,190
Taxes	31,531	40,579	31,531	40,579
Amount due to inter company-G&G Agro Comodity pvt Ltd	767	20	767	-
	<b>809,933</b>	<b>658,458</b>	<b>808,248</b>	<b>656,903</b>

Trade payables are unsecured and are usually paid within 30 days of recognition the carrying amounts of trade payable are considered to be the same as their fair values due to their short term nature.

**NOTE  
33****Current income tax liability**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
As at 1 April	43,197	37,498	28,065	29,703
Charged for the period	203,371	38,826	167,281	20,643
WHT settlements	(9,244)	-	(9,244)	-
Payment of income tax	(113,860)	(33,127)	(82,864)	(22,281)
	<b>123,464</b>	<b>43,197</b>	<b>103,238</b>	<b>28,065</b>

**NOTE  
34****Dividend per share**

	GROUP		COMPANY	
	As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Calculation of dividend per share;				
Dividends	236,667	710,000	236,667	710,000
	<b>236,667</b>	<b>710,000</b>	<b>236,667</b>	<b>710,000</b>
Number of ordinary shares	236,667	236,667	236,667	236,667
<b>Dividend paid per share</b>	<b>1.00</b>	<b>3.00</b>	<b>1.00</b>	<b>3.00</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
35****Assets pledge as collaterals**

The following assets of the company have been pledged as collaterals for overdraft facility and loan obtained by the Company to respective financial institution concerned.

Name of the financial institution	Nature of the facility	Facility granted	Balance as at 31 March 2025	Securities pledge	Carrying value of the pledged Securities
Nations Trust Bank PLC	Overdraft	550,000	110,110	Mortgage over fixed deposits and tea stock	Fixed Deposits - 256,000 Stocks - 295,000
DFCC Bank PLC	Term loan	387,000	115,762	Mortgage 4,180,599 shares of Mark Marine Services Pvt Ltd	Investment value - 566,577

**a) Financial commitments****Bank guarantees**

	COMPANY	
	As at 31 March 2025	As at 31 March 2024
Janatha Estate Development Board	4,054	4,320
Elkaduwa Plantations LTD	12,000	-
	16,054	4,320

**b) Capital commitments**

Capital expenditure approved by the Board of Directors for which provision has not been made in the accounts is detailed below:

	COMPANY	
	As at 31 March 2025	As at 31 March 2024
Approved and not contracted for	75,568	-
	75,568	-

**NOTE  
36****Contingent liability**

There are no known contingent liabilities existing as at the statement of financial position date, to be disclosed or adjusted in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
37****Cash generated from operations**

Reconciliation of profit before tax to cash generated from operations.

	GROUP		COMPANY	
	Year Ended 31st March 2025	Year Ended 31st March 2024	Year Ended 31st March 2025	Year Ended 31st March 2024
Net profit / (loss) before taxation	1,045,269	1,130,809	1,037,490	1,159,111
<b>Adjustments for:</b>				
- Depreciation charge	178,323	170,552	154,072	146,290
- Profit on sale of property, plant and equipment	(9,364)	-	(9,364)	-
- Profit on sale of trees	(11,341)	(20,478)	(11,341)	(20,478)
- Timber fair valuation gain	(41,607)	(190,932)	(41,607)	(190,932)
- Biological assets-produce crop valuation loss	(10,286)	3,618	(10,286)	3,618
- Provision for retirement benefit obligations	161,205	183,168	159,877	182,003
- Amortisation of leasehold right to assets	21,096	18,017	21,096	18,017
- Amortisation of capital grants	(6,501)	(8,674)	(6,501)	(8,674)
- Dividend income	(4,895)	(3,047)	(59,974)	(67,010)
- Finance income	(114,708)	(126,109)	(109,516)	(123,967)
- Finance expenses	29,119	77,852	29,119	77,852
- Interest paid to government and other on lease	100,139	85,833	100,139	85,833
<b>Changes in working capital</b>				
- Inventories	23,736	199,635	23,736	199,635
- Trade and other receivables	32,349	436,999	35,150	353,042
- Trade and other payables	151,472	65,281	151,345	65,721
<b>Cash generated from operations</b>	<b>1,544,006</b>	<b>2,022,524</b>	<b>1,463,435</b>	<b>1,880,061</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
38****Related party transactions****a) Parent entities**

The Company is a subsidiary of Lotus Renewable Energy (Private) Limited which owns 75.65% (2022/2023-75.65%) of ordinary shares of the Company's shares. The remaining ordinary shares are widely held. The ultimate Parent Company of the Company is Lotus Renewables (Singapore) Pte Ltd.

**b) Subsidiaries**

Interests in subsidiaries are set out in note 17.

**c) Directors' Interest in Contracts**

- i) Messrs. G.D. Seaton, A.U.A.M. Athukorala, G.S. Krishnamoorthy, W.M.A. Indrajith Fernando and P.M.B Fernando who are Directors of the Company are also Directors of Lotus Hydropower PLC.
- ii) Messrs. G.D. Seaton, A.U.A.M. Athukorala and G.S. Krishnamoorthy, who are Directors of the Company are also Directors of Lotus Renewable Energy (Private) Limited.
- iii) Mr. A.U.A.M. Athukorala who is a Director of the Company is also a Director of Origin Tea Exports (Private) Limited.
- iv) Messrs. G.D. Seaton, A.U.A.M. Athukorala and G.S. Krishnamoorthy, who are Directors of the Company are also Directors of Zyrex Power Company Limited.
- v) Messrs. G.D. Seaton, A.U.A.M. Athukorala and G.S. Krishnamoorthy, who are Directors of the Company are also Directors of G & G Agro Commodities (Private) Limited.
- (vi) Messrs. G.D. Seaton and A.U.A.M. Athukorala, who are Directors of the Company are also Directors of Sri Bio Tech Lanka (Private) Limited.

## NOTES TO THE FINANCIAL STATEMENTS (contd)

(all amounts in Sri Lankan Rupees thousands)

**d) Recurrent transactions with other related companies**

The following transactions occurred with related parties;

			As at 31 March		As at 31 March	
			2025		2024	
Nature of the company	Relationship	Nature of transaction	Value of transactions	% of net revenue / income	Value of transactions	% of net revenue / income
<b>(i) Included in the revenue and other sources of income</b>						
Lotus Renewable Energy (Private) Limited	Parent	Interest income	-	-	44,364	0.83%
Mark Marine Services (Private) Limited	Subsidiary	Ordinary shares dividends	55,079	0.73%	63,963	1.19%
		Rental income	15	0.00%	15	0.00%
Lotus Hydropower PLC	Affiliate	Sales	543	0.01%	546	0.01%
Origin Tea Exports Pvt Ltd	Affiliate	Sales	117	0.00%	119	0.00%

(ii) included in the cost of sales and other expenses

Lotus Renewable Energy (Private) Limited	Parent	Accommodation charges	-	0.00%	240	0.00%
Mark Marine Services (Private) Limited	Subsidiary	Reimbursement of expenses	116	0.00%	-	0.00%
Lotus Hydropower PLC	Affiliate	Service Cost	1,889	0.02%	803	0.01%
		Reimbursement of expenses	849	0.01%	2,243	0.03%
Origin Tea Exports (Private) Limited	Affiliate	Reimbursement of expenses	104	0.00%	-	0.00%
		Service Cost	-	0.00%	368	0.01%
		Fuel expenses	-	0.00%	106	0.00%
		Gratuity	-	0.00%	207	0.00%
G&G Agro Commodities (Private) Limited	Affiliate	Service Cost	100	0.00%	-	0.00%
		Commission Charges	667	0.01%	-	0.00%
Zyrex Power Company Limited	Affiliate	Reimbursement of expenses	-	0.00%	580	0.01%
Sri Bio Tech Lanka (Private) Limited	Affiliate	Purchase of goods	21,529	0.28%	17,648	0.33%
		Reimbursement of expenses	844	0.01%	1,977	0.04%
Good Earth Fertilizer Pvt Ltd	Affiliate	Purchase of goods	-	0.00%	24,555	0.46%
		Reimbursement of expenses	-	0.00%	78	0.00%

**(iii) Non-recurrent Transactions with the parent and ultimate parent company**

Lotus Renewable Energy (Private) Limited	Parent	Short term lending	- 0.00%	290,000	5.42%
		Short term loan recovery	- 0.00%	290,000	5.42%
		Recovery of loan interest	- 0.00%	44,364	0.83%

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***e) i. Amounts due from related companies**

Amounts due from related companies are set out in note 23.

**ii. Amounts due to related companies**

There are no amounts due to related companies as at the statement of financial position date.

All transactions with related parties have been carried out on an arms length basis.

The Directors have disclosed the nature of their interests in contracts and proposed contracts with the Group and the Company at meetings of the Directors.

**f) Key management compensation**

Key management includes the executive committee of the Company. The compensation paid or payable to key management for employee services is shown below:

	As at 31 March	
	2025	2024
Salaries and other short term employee benefits	39,580	27,707
Post - employment benefits	2,070	1,656
	<b>41,650</b>	<b>29,363</b>

**g) Terms and conditions**

The loans to parent company is generally for periods of 6 months, repayable in monthly instalments at interest rates of AWPLR+1% per annum (15.5% - 2023/2024).

Goods were sold to other related parties during the year based on the auction price and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***NOTE  
39****Financial risk management objectives and policies****a) Financial risk factors**

The Company is exposed to a variety of financial risks. These include market risks, credit risks, and liquidity risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance. Based on our economic outlook and the Company's exposure to these risks, the Board of Directors approves various risk management strategies from time to time.

**b) Market risks****i) Foreign exchange risk**

The Company is not exposed to foreign exchange risk due to the non availability of transaction in foreign currencies.

**ii) Interest rate risk**

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Company analyses the interest rate exposure on a dynamic basis monitoring AWPLR.

**Exposure**

The exposure of the Group's and the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Group	2025	% of total loans	2024	% of total loans
Variable rate borrowings	115,762	51.25%	175,393	100.00%
Other borrowings	110,110	48.75%	-	0.00%
	<b>225,872</b>	<b>100.00%</b>	<b>175,393</b>	<b>100.00%</b>

Company	2025	% of total loans	2024	% of total loans
Variable rate borrowings	115,762	51.25%	175,393	100.00%
Other borrowings	110,110	48.75%	-	0.00%
	<b>225,872</b>	<b>100.00%</b>	<b>175,393</b>	<b>100.00%</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***Sensitivity**

Profit or loss is sensitive to interest rates on its floating rate financial instruments, being the currencies in which the Group and the Company has historically obtained debt.

	GROUP		COMPANY	
	Increase / (decrease) on post tax profit			
	2025	2024	2025	2024
Interest rate - increase by 5%	14,929	26,805	14,929	25,812
Interest rate - decrease by 5%	(14,929)	(26,805)	(14,929)	(25,812)

**iii) Price risks****Exposure**

The Group and the Company is not exposure to equity securities price risk arises from investments held by the Group and the Company due to the Group's and the Company's equity investments are not publicly traded and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI).

The Company is exposed to the commodity price risk from tea auction prices. The Company monitors commodity price on a systematic basis and manages inventory levels to minimise the impact.

**Sensitivity**

	Increase / (decrease) on post tax profit	
	2025	2024
Auction price - increase by 1%	73,422	64,785
Auction price - decrease by 1%	(73,422)	(64,785)

**c) Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding balances from customers. For banks and financial institutions, only independently rated parties are accepted. No independent risk ratings are available for customers.

**i) Impairment of financial assets**

The Group and the Company have three types of financial assets that are subject to the expected credit loss model:

- Trade and other receivable excluding pre-payments
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of SLFRS 9, the identified impairment loss was immaterial.

The Group and the Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Credit risk of trade receivable of the company is minimum due to the auction sales system where prompt is received within 7 days with a zero default rate. The credit quality of financial assets are disclosed in note (ii) below.

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

Only customer of Mark Marine Services (Private) Limited (subsidiary of the Company) is Ceylon Electricity Board (CEB) which is a Government Owned Entity. As of the year end the outstanding balance from CEB is LKR 3,589,744/- (2024 - LKR 3,352,037)

The Company has identified and factored the GDP of the country and other relevant factors accordingly to the model to reflect forward looking information affecting the ability to settle receivables.

**ii) Credit quality**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

			GROUP		COMPANY	
			As at 31 March		As at 31 March	
Rating			2025	2024	2025	2024
Cash at bank and short-term bank deposits.						
Cash at bank						
- Hatton National Bank PLC	AA-	(lka)	17723	139,702	17,673	139,652
- Commercial Bank of Ceylon PLC	AA-	(lka)	605,024	1,226	605,024	1,226
- Nations Trust Bank PLC	A	(lka)	394,174	394,988	394,174	394,988
- Seylan Bank PLC	A+	(lka)	216	47	216	47
- State Bank of India	BBB-	(lka)	31	37	31	37
- Peoples Bank PLC	AA-	(lka)	71	61	71	61
- DFCC Bank PLC	A	(lka)	31,179	20,536	181	1
- National Development Bank PLC	A	(lka)	360,193	546,087	337,814	509,613
- Sampath Bank PLC	AA-	(lka)	238,722	-	238,722	-
			1,647,334	1,102,684	1,593,907	1,045,625
Unrated						
- Cash in hand			2,063	2,258	1,950	2,203
Cash and cash equivalents			1,649,396	1,104,942	1,595,856	1,047,828

**Trade and other receivables**

The Group and the Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivable.

To measure the expected credit losses, trade receivables and other receivable have been grouped based on shared credit risk characteristics and the days past due. Credit risk of trade receivable of the Company is minimum due to the auction sales system where prompt is received within 7 days with a zero default rate.

Only customer of Mark Marine Services (Private) Limited (subsidiary of the Company) is Ceylon Electricity Board (CEB) which is a Government Owned Entity. As of the year end the outstanding balance from CEB is LKR. 3,589,744/- (2024 - LKR 3,352,037/-).

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The aging analysis of trade receivable as follows.

(LKR.000)	Total	0-60 days
	LKR.	LKR.
Ceylon Electricity Board	3,590	3,590

The Group and the Company has identified and factored the GDP of the country and other relevant factors accordingly to the model to reflect forward looking information affecting the ability to settle receivables.

	Notes	GROUP		COMPANY	
		2025	2024	2025	2024
Existing customers with no default history	22	50,152	89,341	46,562	85,989
Related parties	23	263	937	263	957
Other third parties	22	64,432	54,159	64,371	52,685
		114,847	144,437	111,196	139,631

None of the amounts receivable from related parties are past due or impaired and repayments have been received regularly and on time historically.

Above related to a number of independent customers / tea brokers for whom there is no recent history of credit default and the total trade receivables were fully performing.

On that basis, the loss allowance as at 31 March 2025 and 31 March 2024 was determined as follows for both trade receivables:

	GROUP			COMPANY		
	Current	More than 30 days past due	Total	Current	More than 30 days past due	Total
<b>31 March 2024</b>						
Expected loss rate	Nil	Nil	-	Nil	Nil	-
Gross carrying amount – trade receivables	85,989	3,352	89,341	85,989	-	85,989
Related parties	937	-	937	957	-	957
Other third parties	54,159	-	54,159	52,685	-	52,685
<b>Loss allowance</b>	-	-	-	-	-	-
<b>31 March 2025</b>						
Expected loss rate	Nil	Nil	-	Nil	Nil	-
Gross carrying amount – trade receivables	46,562	3,590	50,152	46,562	-	46,562
Related parties	263	-	263	263	-	263
Other third parties	64,432	-	64,432	64,371	-	64,371
<b>Loss allowance</b>	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)***d) Liquidity risk**

Cash flow forecasting is performed in the Group and the Company which monitors rolling forecasts of the Group's and the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration, the Group's and the Company's debt financing plans.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Contractual maturities of financial liabilities.**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Within one month Rs.'000	Less than 3 months Rs.'000	3-12 Months Rs.'000	2-5 years Rs.'000	>5 Years Rs.'000	Total contractual cash flows Rs.'000	Carrying amount liabilities Rs.'000
<b>31 March 2024</b>							
Lease Liability	7,066	14,523	63,833	335,013	1,004,144	1,417,513	368,521
Borrowings	5,421	10,716	46,144	128,231	-	185,091	175,393
Trade and other payables (excluding statutory liabilities)	192,281	270,521	-	-	-	270,521	270,521
	<b>204,768</b>	<b>295,760</b>	<b>109,977</b>	<b>463,244</b>	<b>1,004,144</b>	<b>1,873,125</b>	<b>814,435</b>
<b>31 March 2025</b>							
Lease Liability	8,238	16,935	75,188	392,502	1,083,133	1,575,996	433,895
Borrowings	5,421	10,716	46,144	69,349	-	131,630	115,762
Trade and other payables (excluding statutory liabilities)	288,109	38,438	64,640	11,153	-	402,340	402,340
	<b>301,768</b>	<b>66,089</b>	<b>185,972</b>	<b>473,004</b>	<b>1,083,133</b>	<b>2,109,966</b>	<b>951,997</b>

**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

Company	Within one month Rs.'000	Less than 3 months Rs.'000	3-12 Months Rs.'000	2-5 years Rs.'000	>5 Years Rs.'000	Total contractual cash flows Rs.'000	Carrying amount liabilities Rs.'000
<b>31 March 2024</b>							
Lease Liability	7,066	14,523	63,833	335,013	1,004,144	1,417,513	368,521
Borrowings	5,421	10,716	46,144	128,231	-	185,091	175,393
Trade and other payables (excluding statutory liabilities)	192,281	25,804	43,394	7,486	-	268,965	268,966
	<b>204,768</b>	<b>51,043</b>	<b>153,371</b>	<b>470,730</b>	<b>1,004,144</b>	<b>1,871,569</b>	<b>812,880</b>
<b>31 March 2025</b>							
Lease Liability	8,238	16,935	75,188	392,502	1,083,133	1,575,996	433,895
Borrowings	5,421	10,716	46,144	69,349	-	131,630	115,762
Trade and other payables (excluding statutory liabilities)	286,425	38,438	64,640	11,153	-	400,656	400,656
	<b>300,084</b>	<b>66,089</b>	<b>185,972</b>	<b>473,004</b>	<b>1,083,133</b>	<b>2,108,282</b>	<b>950,313</b>

**e) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Further the Group has complied with all covenants on all borrowings throughout the reporting period.

In consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.



**NOTES TO THE FINANCIAL STATEMENTS (contd)***(all amounts in Sri Lankan Rupees thousands)*

The gearing ratio of the Group and the Company as at the date of the financial position is given below:

	Notes	GROUP		COMPANY	
		As at 31 March 2025	As at 31 March 2024	As at 31 March 2025	As at 31 March 2024
Total borrowings	27	225,872	175,393	225,872	175,393
<b>Less:</b>					
Cash and cash equivalents	24	536,311	504,453	482,771	447,339
<b>Net debt</b>		<b>(310,439)</b>	<b>(329,060)</b>	<b>(256,899)</b>	<b>(271,946)</b>
Total equity		5,053,976	4,674,397	5,377,581	4,944,149
<b>Total capital</b>		<b>5,053,976</b>	<b>4,674,397</b>	<b>5,377,581</b>	<b>4,944,149</b>
Net debt to equity ratio		-6.14%	-7.04%	-4.78%	-5.50%

**NOTE  
40****Events after the reporting date**

There have been no material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements.

# Supplementary Information and Annexures

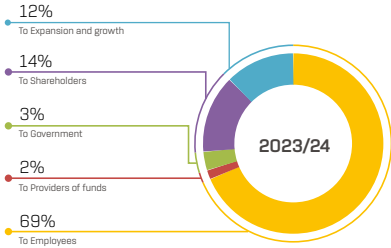
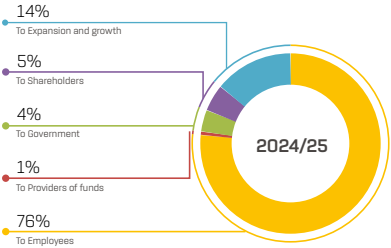
240...	VALUE ADDED STATEMENT
241...	ESTATE HECTARAGE STATEMENT
241...	CROPS AND YIELDS
242...	PERMANENT BUILDINGS ON ESTATES
243...	OUR ESTATES AND FACTORIES
244...	SHAREHOLDERS' AND INVESTORS' INFORMATION
247...	CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE AND LISTING RULES
253...	COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023
256...	GRI INDEX 2025
261...	GLOSSARY
265...	NOTES
266...	NOTICE OF THE ANNUAL GENERAL MEETING
267...	FORM OF PROXY
269...	CORPORATE INFORMATION



VALUE ADDED STATEMENT

	GROUP				COMPANY			
	2024/25	%	2023/24	%	2024/25	%	2023/24	%
Revenue	7,709,932		7,724,871		7,587,967		7,633,209	
Other income	143,693		120,578		198,266		183,889	
Gain on change in fair value of biological assets	51,893		187,314		51,893		187,314	
	7,905,518		8,032,763		7,838,126		8,004,412	
Cost of materials and services obtained	(2,972,176)		(3,055,018)		(2,911,518)		(2,930,447)	
Value Addition	4,933,342		4,977,745		4,926,608		5,073,965	
Value allocated to:								
To Employees								
Salaries,wages and other benefits	3,790,180	77%	3,493,536	70%	3,770,667	77%	3,477,508	69%
To Providers of funds								
Interest to money lenders	29,119	1%	83,801	2%	29,119	1%	83,801	2%
To Government								
JEDB/SLSPC Lease rental	98,382	2%	83,885	2%	98,382	2%	83,885	2%
Tax Paid(without VAT)	116,122	2%	96,996	2%	94,924	2%	86,149	2%
	214,504	4%	180,881	4%	193,306	4%	170,034	3%
To providers of capital								
Dividend paid to shareholders	236,667	5%	713,600	14%	236,667	5%	710,000	14%
To Expansion and growth								
Profit retained	382,682		148,906		433,432		357,674	
Depreciation & ammotization	199,419		188,569		175,168		164,307	
Deferred Taxation	80,771		168,452		88,249		110,641	
	662,872	13%	505,927	10%	696,849	14%	632,622	12%
	4,933,342		4,977,745		4,926,608		5,073,965	

	GROUP				COMPANY			
	2024/25	%	2023/24	%	2024/25	%	2023/24	%
To Employees	3,790,180	77%	3,493,536	70%	3,770,667	77%	3,477,508	69%
To Providers of funds	29,119	1%	83,801	2%	29,119	1%	83,801	2%
To Government	214,504	4%	180,881	4%	193,306	4%	170,034	3%
To Shareholders	236,667	5%	713,600	14%	236,667	5%	710,000	14%
To Expansion and growth	662,872	13%	505,927	10%	696,849	14%	632,622	12%
	4,933,342		4,977,745		4,926,608		5,073,965	





## ESTATE HECTARAGE STATEMENT

Area (Ha)	2024/ 2025	2023/ 2024	2022/ 2023	2021/ 2022	2020/ 2021	2019/ 2020	2018/ 2019	2017/ 2018	2016/ 2017	2015/ 2016
Tea Mature	3,318.32	3,346.06	3,384.94	3,879.06	4,027.14	4,078.80	4,057.90	4,117.00	4,098.00	4,238.48
Tea Immature	145.52	61.95	88.42	98.26	29.95	34.29	51.29	64.74	45.29	82.69
<b>Tea</b>	<b>3,463.84</b>	<b>3,408.01</b>	<b>3,473.36</b>	<b>3,977.32</b>	<b>4,057.09</b>	<b>4,113.09</b>	<b>4,109.19</b>	<b>4,181.74</b>	<b>4,143.29</b>	<b>4,321.17</b>
Timber/ Fuelwood	883.32	751.58	728.03	1,067.81	991.47	1,068.29	1,079.29	1,027.29	1,058.14	1,065.14
Nursery	12.08	12.08	12.08	10.67	12.08	13.08	12.08	12.08	12.08	12.08
Other Cultivated Area	173.41	194.49	182.54	111.74	123.69	56.69	61.19	45.74	45.74	62.66
Roads/ Buildings/ Gardens/ Water Shed Management etc	2,673.73	2,840.22	2,810.37	2,038.84	2,022.05	1,955.23	1,944.63	1,939.53	1,947.13	2,166.04
<b>Other</b>	<b>3,742.54</b>	<b>3,798.37</b>	<b>3,733.02</b>	<b>3,229.06</b>	<b>3,149.29</b>	<b>3,093.29</b>	<b>3,097.19</b>	<b>3,024.64</b>	<b>3,063.09</b>	<b>3,305.92</b>
<b>Company</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,206.38</b>	<b>7,627.09</b>

## CROPS AND YIELDS

Production (Kg'000)

Region	2024/ 2025	2023/ 2024	2022/ 2023	2021/ 2022	2020/ 2021	2019/ 2020	2018/ 2019	2017/ 2018	2016/ 2017	2015/ 2016
<b>Tea</b>										
Watawala	1,309	1,662	1,354	2,102	2,900	2,122	1,797	2,073	1,893	2,489
Hatton	3,483	3,504	3,153	4,501	4,910	4,011	3,335	3,749	3,459	4,297
Lindula	1,978	2,023	1,599	2,103	2,151	1,996	1,925	2,088	1,835	2,323
<b>Tea</b>	<b>6,770</b>	<b>7,189</b>	<b>6,106</b>	<b>8,706</b>	<b>9,960</b>	<b>8,128</b>	<b>7,057</b>	<b>7,909</b>	<b>7,187</b>	<b>9,110</b>

Yield per hectare (kg)

Region	2024/ 2025	2023/ 2024	2022/ 2023	2021/ 2022	2020/ 2021	2019/ 2020	2018/ 2019	2017/ 2018	2016/ 2017	2015/ 2016
<b>Tea</b>										
Watawala	1,172	1,285	956	1,292	1,448	1,220	1,221	1,329	1,269	1,373
Hatton	1,683	1,786	1,477	1,693	1,514	1,414	1,469	1,480	1,224	1,441
Lindula	1,257	1,332	1,065	1,290	1,207	1,229	1,217	1,305	1,152	1,444
<b>Tea</b>	<b>1,378</b>	<b>1,471</b>	<b>1,174</b>	<b>1,425</b>	<b>1,371</b>	<b>1,294</b>	<b>1,309</b>	<b>1,374</b>	<b>1,213</b>	<b>1,439</b>

## PERMANENT BUILDINGS ON ESTATES

BUILDINGS	KNL	CAR	WIG	SHN	ABB	DCK	VEL	STD	AGR	HEN	LIP/ OUV	TNG	WAL	Total
Factories	1	1	–	1	1	2	1	1	1	1	2	1	1	14
Bungalows	5	3	2	1	4	5	6	3	2	4	3	2	5	45
Senior Staff Bungalows	8	11	2	8	7	11	10	10	4	9	10	9	9	108
Junior Staff Bungalows	14	17	15	19	25	46	26	24	13	34	25	21	30	309
JEDB Quarters	–	–	18	–	–	23	–	–	–	–	–	–	–	41
Double Barrack lines	22	8	16	6	10	50	9	17	12	23	17	10	10	210
Single Barrack lines	15	34	24	11	25	50	78	48	11	25	23	41	52	437
Twin Cottages	48	67	–	69	21	104	69	54	36	46	45	74	17	650
Single Cottages	–	–	–	20	2	137	3	125	–	–	–	–	–	287
Upstairs Houses	–	39	–	–	–	–	–	–	–	19	–	–	–	58
Single Houses	123	75	5	99	67	178	60	183	77	199	119	75	211	1,471
Crèches	6	5	1	3	4	6	7	7	2	5	6	5	7	64
Dispensary	2	1	1	1	1	2	1	1	1	1	2	1	2	17
Maternity Ward	–	1	7	–	1	–	1	1	–	1	1	–	1	14
Minor Buildings	11	11	1	11	18	25	9	–	5	1	13	10	1	116
Training Centres	1	–	1	1	–	1	1	1	–	–	–	1	1	8
<b>Estate Workers Housing</b>														
Cooperating Society (EWHCS)	–	1	7	1	1	1	1	1	1	–	1	1	1	17
Any Other Buildings	–	–	17	1	–	–	14	1	1	2	–	5	7	48
Temples	8	11	4	3	7	10	2	7	4	6	7	3	8	80
Church	2	2	2	2	1	2	5	2	1	1	2	4	2	28
Muster sheds	5	5	–	3	4	5	1	5	2	5	6	–	7	48
Field Rest Rooms	3	5	–	3	1	5	1	2	–	5	1	1	7	34
GS Office Room	–	–	–	1	1	1	–	1	–	1	–	–	1	6
Elders Club	1	–	–	1	–	1	1	–	–	1	–	–	7	12
Vocational Training Centre	1	–	–	–	–	–	1	–	–	–	–	–	1	3
Dormitory	1	–	–	–	–	–	2	–	–	–	–	1	–	4
Library	1	–	–	1	–	–	1	1	–	1	–	2	1	8
Dairy Farm	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Pre School	–	–	–	–	–	–	–	6	2	5	2	2	6	23
<b>Water Bottling Factory/ Bulk Tea</b>														
Sales Centre	–	–	–	–	–	–	1	1	–	–	–	1	–	3
Vehicle Garage	–	3	–	1	–	–	–	1	–	1	1	–	1	8
Bulk Tea Sales Centre (Containers)	–	–	–	–	–	–	–	1	–	1	–	–	–	2
<b>Other Buildings</b>														
Mandira Bungalows	–	–	–	–	–	2	–	1	–	–	–	–	–	3
Mandira Bungalow Servant's House	–	–	–	–	–	–	–	1	–	–	–	–	–	1
Tea Cup Manager's Bungalow	–	–	–	–	–	–	–	1	–	–	–	–	–	1
Shannon Asst. Manager's	–	–	–	1	–	–	–	1	–	–	–	–	–	1
Bungalow	–	–	–	–	–	–	–	1	–	–	–	–	–	1
Manure Store	–	2	1	–	1	1	–	3	1	1	–	–	1	11
Staff Club	–	1	–	–	–	–	–	–	–	–	–	–	–	1
<b>Total</b>	<b>278</b>	<b>303</b>	<b>124</b>	<b>268</b>	<b>202</b>	<b>668</b>	<b>311</b>	<b>512</b>	<b>176</b>	<b>398</b>	<b>286</b>	<b>270</b>	<b>397</b>	<b>4,192</b>

OUR ESTATES AND FACTORIES

Name of Estate	LAND EXTENT				PRODUCTION					EMPLOYEES	
	Total Extent Ha	Revenue Extent Tea Ha	Other Extent Ha	Total Cultivated Extent Ha	Elevation Category	Main Crop	Type of Factory	Factory Elevation Meters	Crop with Bought Crop Kgs	Staff (Nos)	Workers (including Casuals) (Nos)
<b>Watawala Region</b>											
Kenilworth	600.86	246.86	191.00	437.86	Western Medium Grown	Tea	Ortho/RV	616	487,861	26	393
Carolina	892.42	220.25	197.79	418.04	Western Medium Grown	Tea	CTC	960	234,372	18	249
Wigton	667.58	111.85	51.80	163.65	Western Medium Grown	Tea	-	-	141,164	8	177
Shannon	262.04	171.34	27.59	198.93	Western High Grown	Tea	Ortho/RV	1,372	445,570	26	298
Sub Total	2,422.90	750.30	468.18	1,218.48					1,308,967	78	1,117
<b>Hatton Region</b>											
Abbotsleigh	427.46	245.66	104.84	350.50	Western High Grown	Tea	CTC	1,330	1,684,196	40	588
Dickoya	629.59	271.72	134.57	406.29	Western High Grown	Tea	Ortho/RV	1,292	739,688	29	489
Vellaioya	840.00	325.50	219.65	545.15	Western Medium Grown	Tea	Ortho/RV	1,331	527,025	27	589
Strathdon	644.39	258.13	148.28	406.41	Western Medium Grown	Tea	CTC	1,112	532,479	29	504
Sub Total	2,541.44	1,101.01	607.34	1,708.35					3,483,388	125	2,170
<b>Lindula Region</b>											
Waltrim	578.25	398.71	13.50	412.21	Western High Grown	Tea	Ortho/RV	1,400	570,491	34	768
Henfold	540.00	407.90	14.50	422.40	Western High Grown	Tea	Ortho/RV	1,381	617,084	35	616
Tangakelle	367.79	287.30	41.27	328.57	Western High Grown	Tea	Ortho/RV	1,472	287,942	21	418
Agrakande	228.75	145.00	5.735	202.35	Western High Grown	Tea	Green Tea	1,369	211,655	16	301
Ouvahkelle	527.25	255.84	147.20	403.04	Western High Grown	Tea	Re-processing	1,573	290,652	25	478
Sub Total	2,242.04	1,494.75	273.82	1,768.57					1,977,824	131	2,581
Grand Total	7,206.38	3,346.06	1,349.34	4,695.40					6,770,179	334	5,868



## SHAREHOLDERS' AND INVESTORS' INFORMATION

### Stock exchange listing

The issued shares of Hatton Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka. The Audited Statement of Income for the period ended 31 March 2025 and the Audited Statement of financial position at that date have been submitted to the Colombo Stock Exchange within three months of the Statement of Financial Position date.

### Shareholders information

Total no of Shareholders as at 31 March 2025 – 16,269 (as at 31 March 2024 – 15,895)

### Public Share Holding

The Percentage of shares held by the public: 11.99% (2023/2024 – 11.99%) held by 16,266 ordinary shareholders (2023/2024- 15,892).

	Option	Float adjusted market capitalization	Public holding Percentage	No of public shareholders
Listing rule 713.1 (i) b	2	Less than LKR 1Bn	10.00%	200
Compliance by HPL		LKR 0.786 Bn	11.99%	16,266

#### A). Resident/Non Resident Holders - (Manual) & (CDS)

Shareholdings	Residents			Non Residents			Total		
	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)
1 to 1,000	8,788	3,847,394	1.63	3.00	1,565	0.00	8,791	3,848,959	1.63
1,001 to 10,000	7,313	14,784,845	6.25	1.00	5,600	0.00	7,314	14,790,445	6.25
10,001 to 100,000	141	3,968,139	1.68	5.00	189,231	0.08	146	4,157,370	1.76
100,001 to 1,000,000	13	2,807,265	1.19	2.00	1,163,826	0.49	15	3,971,091	1.68
Over 1,000,000	3	209,898,806	88.68	0.00	0	0.00	3	209,898,806	88.68
<b>Total</b>	<b>16,258</b>	<b>235,306,449</b>	<b>99.43</b>	<b>11.00</b>	<b>1,360,222</b>	<b>0.57</b>	<b>16,269</b>	<b>236,666,671</b>	<b>100.00</b>

#### B). Institutional/Non Institutional Holders - (Manual) & (CDS)

Shareholdings	Institutional			Non Institutional			Total		
	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)	No of Shareholders	No of Shares	Percentage (%)
Individual	16,188	26,032,400	11.00	8.00	161,396	0.07	16,196	26,193,796	11.07
Institutional	70	209,274,049	88.43	3.00	1,198,826	0.50	73	210,472,875	88.93
<b>Total</b>	<b>16,258</b>	<b>235,306,449</b>	<b>99.43</b>	<b>11.00</b>	<b>1,360,222</b>	<b>0.57</b>	<b>16,269</b>	<b>236,666,671</b>	<b>100.00</b>

## Share Trading Information from 1 April 2024 to 31 March 2025

	2025	2024
Highest during the period	32.70	33.00
Lowest during the period	20.50	17.80
Last traded price on 31.03	28.00	26.40
No. of transactions	7,592	4,448
No. of Shares traded	7,640,432	5,214,034
Value of Shares traded (LKR)	221,148,800	142,454,309

## Twenty (20) largest shareholders

	31st March 2025		31st March 2024	
	No of Shares held	% of the holding	No of Shares held	% of the holding
01 Lotus Renewable Energy (Private) Limited	179,034,370	75.65	179,034,370	75.65
02 Regency Teas (Pvt) Ltd	29,065,923	12.28	29,065,923	12.28
03 Mr. K.C. Vignarajah	1,798,513	0.76	1,796,294	0.76
04 Deutsche Bank Ag Singapore A/C 2	805,216	0.34	825,216	0.35
05 Mrs. N. Muljie	552,900	0.23	552,900	0.23
06 EMFI Capital Ltd	358,610	0.15	1,930,174	0.82
07 Mr. M.I. Abdul Hameed	350,000	0.15	350,000	0.15
08 Mr. G .H.S.Kumara	283,896	0.12	-	-
09 Union Investments Private Ltd	262,000	0.11	262,000	0.11
10 Mr. H.D.A.D. Perera	200,100	0.08	200,100	0.08
11 Mr. B.L.S.Peiris	200,000	0.08	200,000	0.08
12 C M Holdings PLC	170,000	0.07	170,000	0.07
13 Mr. M.M. Hashim	151,900	0.06	151,900	0.06
14 Mr. D.W.G. Ponweera	135,259	0.06	134,810	0.06
15 Mr.M.Laffir	130,873	0.06	110,000	0.05
16 Mr.H A R Peiris	130,000	0.05	135,000	0.05
17 Mrs. K.G.M. Pieris	125,337	0.05	125,900	0.05
18 Mr. D.C.D.L.S.D. Perera	115,000	0.05	115,000	0.05
19 Citizens Development Business Finance PLC/A. D. Gayan Vimukthi	100,000	0.04	-	-
20 Mr S.A. Obeyesekere	100,000	0.04	102,000	0.04
21 Mr .M.M. Hashim	100,000	0.04	-	-
<b>Sub total</b>	<b>214,169,897</b>	<b>90.47</b>	<b>215,261,587</b>	<b>90.94</b>
<b>Others</b>	<b>22,496,774</b>	<b>9.53</b>	<b>21,405,084</b>	<b>9.06</b>
<b>Grand total</b>	<b>236,666,671</b>	<b>100.00</b>	<b>236,666,671</b>	<b>100.00</b>

Share trading information-last five years

	2025	2024	2023	2022	2021
Highest during the year	32.70	33.00	26.20	15.00	12.30
Lowest during the year	27.00	17.80	18.50	8.00	3.50
As at 31 March	27.70	25.70	18.70	8.40	8.70
No. of shares	236,666,671	236,666,671	236,666,671	236,666,671	236,666,671

## COMPLIANCE RULES AND GRI INDEX

### CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE AND LISTING RULES

#### COMPLIANCE RULE I: STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

Mandatory Provisions - Fully Compliant

Section	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof	Yes	About Hatton Plantations	5
168 (1) (b)	Signed financial statements of the Company and the Group	Yes	Financial Statements	156
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditor's Report	156
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 2.4 to the Financial Statements	168
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors on the Affairs of the Company	132
168 (1) (f)	Remuneration and other benefits paid to Directors of the Group	Yes	Note 8 to the Financial Statements	190
168 (1) (g)	Corporate donations made by the Group	Yes	Annual Report of the Board of Directors	133
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors	135
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 8 to the Financial Statements	190
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Report of the Audit Committee & Annual Report of the Board of Directors	142 & 132
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors & Statement of Directors' Responsibility	133 & 139

#### COMPLIANCE RULE II- STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

Mandatory Provisions - Fully Compliant

Section	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the Entity	Yes	Annual Report of the Board of Directors	134
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	About Hatton Plantations	5
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held	Yes	Shareholders' and Investors' Information	245
(iv)	The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Shareholders' and Investors' Information	244
(v)	A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year	Yes	Annual Report of the Board of Directors	134

Section	Requirement	Complied	Reference (within the Report)	Page
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management	118
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Human Capital	63
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Note 14 - Property plant and Equipment to the Financial Statements and Permanent Buildings on Estates	199 & 242
(ix)	Number of shares representing the Entity's stated capital	Yes	Note 25 - Stated Capital to the Financial Statements Investor Information	213
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Shareholders' and Investors' Information	244
(xi)	Financial ratios and market price information	Yes	Historical Financial Information	20
(xii)	Significant changes in the Group's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 14 - Property plant and Equipment to the Financial Statements	199
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not Applicable		
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes	Corporate Governance Report	104
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Note 38 - Related Party Transactions, to the Financial Statements	

### COMPLIANCE RULE III: COMPLIANCE WITH SECTION 9 OF THE LISTING RULE OF THE COLOMBO STOCK EXCHANGE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's Extent of Adoption
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	The statement is included in Governance Discussion.
9.2.1	Policies	Compliant	<p>The Company has adopted the following policies, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange;</p> <ul style="list-style-type: none"> <li>■ Policy on Matters Relating to The Board of Directors</li> <li>■ Policy on Board Committees</li> <li>■ Policy on Corporate Governance</li> <li>■ Policy on Remuneration</li> <li>■ Policy on Corporate Disclosure</li> <li>■ Policy on Risk Management and Internal Controls</li> <li>■ Policy on Internal Code of Business Conduct and Ethics</li> <li>■ Policy on Anti-Bribery and Corruption</li> <li>■ Policy on Whistleblowing</li> <li>■ Policy on Control and Management of Company Assets and Shareholder Investments</li> <li>■ Policy on Environment Social and Governance Sustainability</li> <li>■ Policy on Shareholder and Investor Communication</li> <li>■ The Company will provide any of the above policies to its shareholders upon a written Request.</li> </ul>
9.3.1	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.2	Board sub committees' composition, responsibilities and disclosures	Compliant	All Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Compliant	The Company has a Shareholder and Investor Communication policy, which is published on its corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors.



CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's Extent of Adoption
9.6.1	Chairperson and CEO	Compliant	The Chairperson and the CEO of the Company is not the same person
9.6.3	Senior Independent Director	Compliant	The Company appointed a Senior Independent Director (SID) since the Chairperson is an Executive Director
9.6.3. (b)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company
9.6.3. (c)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non-Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3. (e)	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the report of the SID on page 141.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	The rationale is given in the Statement of the Senior Independent Director
9.7.1 9.7.2	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation
9.7.5	Disclosures in the Annual Report	Compliant	Annual Report of the Board of Directors provides from pages 132 to 136 provide the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 09 Directors up to 31st March 2025.
9.8.2	Minimum No of Independent Directors	Compliant	Three Directors are Independent
9.8.3	Criteria for determining independence:	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the company which is in line with the regulatory requirements.
9.8.5	Independent Directors' annual declaration on independence status	Compliant	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Directors	N/A	The Board does not have any Alternate Directors.
9.10.1	Disclosure relating to Directors	Compliant	The Policy on Matters Relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a director is Twenty (20).
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board.  Please refer pages 34 to 37 for the brief resume of each Director.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's Extent of Adoption
9.10.3	Immediate Market Announcement on changes to board and committee	Compliant	All changes to the composition of the Board of Directors and Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 34 to 37 of the Annual Report contains the relevant information.
9.11.3	Nominations and Governance Committee	Compliant	The Company has its own Nominations and Governance Committee which has clearly defined Terms of Reference. Refer the Nominations and Governance Committee Report on page 149.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 2 Independent Non-Executive Directors and one Non-Executive Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 149.
9.11.6	Disclosure in the Annual Report	Compliant	Refer the Nominations and Governance Committee Report on page 149.
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 147.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference.
9.12.6	Composition of the Remuneration Committee	Compliant	The Remuneration Committee of the Company comprises two Independent Non-Executive Directors and one Non-Executive Director. The Chairperson is an Independent Director
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	The aggregate remuneration paid to Directors is given in note 8 to the financial statements on page 190. Refer Remuneration Committee Report on page 147.
9.13.2	Composition of Audit Committee	Compliant	The Committee has well defined Terms of Reference defining its scope
9.13.3	Audit Committee Composition	Compliant	The Audit Committee comprises two Independent Non Executive Directors and one NonExecutive Director
9.13.4	Audit Committee Functions	Compliant	Authority and duties. Refer Audit Committee Report on pages 142 to 144.
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14. 1 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises three Directors out of which two Directors are Independent. The Chairperson is an Independent Director.  Please see the Report of the Related Party Transactions Review Committee in page 145 to 146.
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 145 to 146.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's Extent of Adoption
9.14.4	RPTRC Meetings	Compliant	The Committee meets on a quarterly basis. During the financial year 2024/25, The Committee met four times to review the related party transactions.
9.14.5	Review of all proposed Related Party Transactions in advance and Review material changes to previously reviewed Related Party Transaction	Compliant	The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. Refer the Related Party Transaction Review Committee Report
9.14.6 9.14.7	Shareholders approval for Related Party Transactions and immediate Market Announcement of Related Party Transactions	Compliant	There were no such transactions that required shareholder approval or immediate disclosure to the CSE.
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 145 to 146.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 132 to 136
9.14.9	Acquisition and Disposal of Assets from/to related parties	Compliant	There were no such transactions that required shareholder approval
9.17	Additional Disclosures	Compliant	Please refer the Annual Report of the Board of Directors on pages 132 to 136.

## COMPLIANCE RULE IV: COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023

Code Ref	Requirement	Complied	Reference with the Report	Page
<b>A Directors</b>				
A.1	An effective Board should direct, lead and control the Group	Yes	The Board of Directors	112
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Yes	Board Meeting	110
A.1.2	Role and Responsibilities of the Board	Yes	Key Board Responsibilities	111
A.1.3	Act in accordance with laws of the Country and obtain Independent professional advise as where necessary	Yes	Compliance Board Directors Access to Information and Resources	111
A.1.4	Access to advice and services of the Group Secretary	Yes	Board Secretary	112
A.1.5	Independent judgment	Yes	Board Meetings	110
A.1.6	Dedicate adequate time and effort to matters of the Board and the Group	Yes	Board Meetings	110
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Board Meetings	111
A.1.8	Board Directors Access to Information and Resources	Yes	Board induction and Training	112
A.2	Chairman and CEO	Yes	Division of Responsibilities	112
A.3	Chairman's role in preserving good corporate governance	Yes	Division of Responsibilities	112
A.4	Availability of financial acumen	Yes	Board Composition	112
A.5	Board Balance	Yes	Board Composition	113
A.5.1	The Board should include sufficient number of NEDs	Yes	Board Composition	113
A.5.2 & A.5.3	Independence of Directors	Yes	Independence	113
A.5.4	Annual declaration of independence by Directors	Yes	Independence	113
A.5.5	Annual determination of independence of NEDs	Yes	Independence	113
A.5.6	Alternate Directors	Yes	The Board does not have any Alternate Directors	
A.5.7	Senior Independent Director (SID)	Yes	Statement by the Senior Independent Director	141
A.5.8	The SID should make himself available for confidential discussions with other directors Report from SID	Yes	Statement by the Senior Independent Director	141
A.5.9	Annual meeting with NEDs	Yes	Chairman meets with NEDs on an informal basis	112
A.5.10	Recording of dissent in minutes	Yes	Board Meetings	112
A.6	Supply of Information	Yes	Board Directors Access to Information and Resource	113
A.7.1	Establishing a Nominations and Governance Committee, Chairman and Terms of Reference	Yes	Nominations and Governance Committee Report on page 213.	149
A.7.2	Annual assessment of Board composition	Yes	Board Changes	113 & 151
A.7.3	Succession plan for MD, CEO and KMPs	Yes	Nominations and Governance Committee Report on page	149
A.7.4	Disclosures on appointment of new directors	Yes	Board Changes	113
A.8	Directors to submit themselves for re-election	Yes	Board Changes	114

Code Ref	Requirement	Complied	Reference with the Report	Page
A.9	Appraisal of Board and sub-Committee Performances	Yes	Board and Sub Committee Evaluation	114 & 148
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Meetings and Attendance Conflict of Interests Board Sub Committees Number of directorships held in Sri Lankan companies and their names	114 & 34-38
A.11	Appraisal of the Managing Director	Yes	Evaluating the Performance of the Managing Director / CEO	114
<b>B Directors Remuneration</b>				
B.1	Establish process for developing policy on executive and director remuneration.	Yes	Directors Remuneration	114 & 115
B.2	Level and Make Up of Remuneration	Yes	Directors Remuneration	114 & 115
B.3	Disclosures related to remuneration in Annual Report Remuneration Policy statement Aggregate Board remuneration paid	Yes	Note 8 to Financial Statements and Remuneration Committee report	115 & 1487
<b>C Relation with Shareholders</b>				
C.1	Constructive use of the AGM & Other General Meetings	Yes	Annual General Meeting (AGM)	115 & 266
C.2	Communication with shareholders	Yes	Shareholder Relations	115 & 245
C.3	Disclosure of major and material transactions	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Group.	115
<b>D Accountability and Audit</b>				
D.1	Present a balanced and understandable assessment of the Group's financial position, performance, and prospects	Yes	Financial Reporting and Assurance	115 & 116 156 - 159
D.1.1	The board should present an annual report including financial, prepared in accordance with the relevant laws and regulations	Yes	Annual Report of the Board of Directors on the Affairs of the Company	132 - 136
D.1.2	Balanced and understandable communication	Yes	Financial Calender	116
D.1.4	CEO/CFO declaration	Yes	Managing Director's, Chief Executive Officer's and Director-Finance's Responsibility Statement	153
D.1.4	Directors Report declarations	Yes	Annual report of the Board of Directors on the Affairs of the Group	132-136
D.1.5	Financial reporting -statement on board responsibilities, Statement on internal control	Yes	Statement of Directors' Responsibility and Directors' Statement on Internal Controls	137 - 140

Code Ref	Requirement	Complied	Reference with the Report	Page
D.1.6	Management Discussion & Analysis	Yes	Respective Capital Reports	40 - 101
D.1.7	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the directors shall forthwith summon an extraordinary general meeting of the company to notify shareholders of the position and of remedial action being taken	Yes	There has been no serious loss of capital to convene an EGM in terms of the Companies Act No. 7 of 2017.	
D.1.8	Related Party Transactions	Yes	Notes 38 to Financial Statements	229-231
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Group's assets	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk & Opportunity Management	122-131, 137 & 138, 142-144
D.3	Audit Committee	Yes	Audit Committee Report	142-144
D.4	Risk Committee	Yes	Risk Management Report	122-131
D.5	Related Party Transactions Review Committee	Yes	Related Party Transactions Review Committee report	145-147
D.6	Code of Business Conduct and Ethics	Yes	Conduct and Ethics	117
D.7	Corporate Governance Disclosures	Yes	Corporate Governance Report	104-121
<b>E&amp;F</b>	<b>Institutional and other investors</b>	Yes	Communications with Shareholders Constructive use of AGM	266
<b>G</b>	<b>Internet of Things &amp; Cyber security</b>	Yes	Information Technology (IT) and Digital Governance	118
I.1	Listed entities shall establish and maintain policies relating to its governance	Yes	Corporate Governance Report	104-121



## GRI INDEX 2025

**Statement of use** Hatton Plantations PLC reported this information cited in this GRI context index for the period 01 April 2024 - 31 March 2025 with reference to the GRI Standards

**GRI 1 used** GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	5
	2-2 Entities included in the organization's sustainability reporting	2, 5, 10-11
	2-3 Reporting period, frequency and contact point	2
	2-4 Restatements of information	2
	2-5 External assurance	4
	2-6 Activities, value chain and other business relationships	5,94
	2-7 Employees	63, 92
	2-8 Workers who are not employees	63, 93
	2-9 Governance structure and composition	104-117
	2-10 Nomination and selection of the highest governance body	104-117
	2-11 Chair of the highest governance body	104-117
	2-12 Role of the highest governance body in overseeing the management of impacts	104-117
	2-13 Delegation of responsibility for managing impacts	104-117
	2-14 Role of the highest governance body in sustainability reporting	104-117
	2-15 Conflicts of interest	104-117
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	104-117
	2-18 Evaluation of the performance of the highest governance body	104-117
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	68-69, 147
	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	77, 83
	2-23 Policy commitments	63,90
	2-24 Embedding policy commitments	63,90
	2-25 Processes to remediate negative impacts	91-101
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	4, 78
	2-28 Membership associations	97
	2-29 Approach to stakeholder engagement	46,91-103
	2-30 Collective bargaining agreements	49
GRI 3: Material Topics 2021	3-1 Process to determine material topics	
	3-2 List of material topics	
	3-3 Management of material topics	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	81-90
	101-2 Management of biodiversity impacts	81-90
	101-3 Access and benefit-sharing	
	101-4 Identification of biodiversity impacts	81-90
	101-5 Locations with biodiversity impacts	
	101-6 Direct drivers of biodiversity loss	81-90
	101-7 Changes to the state of biodiversity	
	101-8 Ecosystem services	81-90
GRI 102: Climate Change 2025	102-1 Transition plan for climate change mitigation	
	102-2 Climate change adaptation plan	
	102-3 Just transition	
	102-4 GHG emissions reduction targets and progress	88
	102-5 Scope 1 GHG emissions	
	102-6 Scope 2 GHG emissions	
	102-7 Scope 3 GHG emissions	
	102-8 GHG emissions intensity	
	102-9 GHG removals in the value chain	88-89
	102-10 Carbon credits	88-89
GRI 103: Energy 2025	103-1 Energy policies and commitments	88
	103-2 Energy consumption and self-generation within the organization	88-89
	103-3 Upstream and downstream energy consumption	89
	103-4 Energy intensity	
	103-5 Reduction in energy consumption	88-89
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	
	201-2 Financial implications and other risks and opportunities due to climate change	50-55
	201-3 Defined benefit plan obligations and other retirement plans	72
	201-4 Financial assistance received from government	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	69
	202-2 Proportion of senior management hired from the local community	69
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	59-61, 91
	203-2 Significant indirect economic impacts	50
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	56, 91
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	
	205-2 Communication and training about anti-corruption policies and procedures	63
	205-3 Confirmed incidents of corruption and actions taken	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
GRI 207: Tax 2019	207-1 Approach to tax	192-193
	207-2 Tax governance, control, and risk management	122
	207-3 Stakeholder engagement and management of concerns related to tax	46, 91-103
	207-4 Country-by-country reporting	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	82,87
	301-2 Recycled input materials used	87
	301-3 Reclaimed products and their packaging materials	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	88-89
	302-2 Energy consumption outside of the organization	
	302-3 Energy intensity	88-89
	302-4 Reduction of energy consumption	88-89
	302-5 Reductions in energy requirements of products and services	88-89
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	89
	303-2 Management of water discharge-related impacts	89
	303-3 Water withdrawal	89
	303-4 Water discharge	89
	303-5 Water consumption	89
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	81-90
	304-2 Significant impacts of activities, products and services on biodiversity	81-90
	304-3 Habitats protected or restored	81-90
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	88-89
	305-6 Emissions of ozone-depleting substances (ODS)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
GRI 306: Effluents and Waste 2016	306-3 Significant spills	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	90
	306-2 Management of significant waste-related impacts	90
	306-3 Waste generated	90
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	90

GRI STANDARD	DISCLOSURE	LOCATION
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	
	308-2 Negative environmental impacts in the supply chain and actions taken	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	65-72
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	65-72
	401-3 Parental leave	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	63-72
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	63-72
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	63-72
	403-4 Worker participation, consultation, and communication on occupational health and safety	63-72
	403-5 Worker training on occupational health and safety	63-72
	403-6 Promotion of worker health	63-72
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	63-72, 46, 91-103
	403-8 Workers covered by an occupational health and safety management system	63-72
	403-9 Work-related injuries	
	403-10 Work-related ill health	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	63-72
	404-2 Programs for upgrading employee skills and transition assistance programs	63-72
	404-3 Percentage of employees receiving regular performance and career development reviews	63-72
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	104-121, 149
	405-2 Ratio of basic salary and remuneration of women to men	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	93-94
	413-2 Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	
	414-2 Negative social impacts in the supply chain and actions taken	
GRI 415: Public Policy 2016	415-1 Political contributions	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	73-75
	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3 Incidents of non-compliance concerning marketing communications	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	

## GLOSSARY

### FINANCIAL TERMS

#### ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

#### AGRICULTURAL ACTIVITY

Is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

#### AGRICULTURAL PRODUCE

The harvested product of the entity's biological assets.

#### AMORTISATION

The systematic allocation of depreciable amount of an intangible asset over its useful life.

#### BEARER BIOLOGICAL ASSETS

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

#### BORROWINGS/DEBT

Bank loans, overdrafts, long term loans, debentures, finance lease obligations and interest bearing liabilities.

#### CAPEX

Capital Expenditure

#### CAPITAL EMPLOYED

Shareholder's funds plus non controlling interests and debts.

#### CASH EQUIVALENTS

High liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of change in value.

#### CONSUMABLE BIOLOGICAL ASSETS

Includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

#### CONTINGENT LIABILITY

A condition or situation existing at the balance sheet date due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or non occurrence of one or more future events or,
2. a probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient Reliability

#### COP

Cost of Production. This generally refers to the cost of producing a kilo of produce (Tea).

#### COS

Cost of Sale. The cost incurred on preparation to salable condition of the goods sold.

#### CROP

The total produce harvested over a given period of time. (Usually during a financial year).

#### CURRENT RATIO

Current assets divided by current liabilities.

#### DEBT/ EQUITY RATIO

Debt as a percentage of shareholders funds and non controlling interests.

#### DEFERRED TAXATION

The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

#### DIVIDENDS

Distribution of profits to holders of equity investments.

#### DIVIDEND PAY OUT

Dividend per share divided by Earnings per share.

#### EARNINGS PER SHARE - EPS

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period

#### EBIT

Abbreviation for Earnings Before Interest and Tax.

#### EBITDA

Abbreviation for Earnings Before Interest Tax Depreciation & Amortisation.

#### EBITDA MARGIN

EBITDA divided by Revenue.

#### ENTERPRISE VALUE – EV

Market Capitalisation plus Debt, Minority Interest & Preferred shares minus total Cash and Cash equivalents.



**ENTERPRISE MULTIPLE – EM**

Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

**MARKET VALUE ADDED – MVA**

Shareholder funds divided by the market value of shares

**EPF**

Employee Provident Fund

**ETF**

Employee Trust Fund

**HARVEST**

Detachment of produce from a Biological Asset or the cessation of Biological Assets life processes.

**IFRS**

International Financial Reporting Standards.

**INTEREST COVER**

Consolidated profit before interest and tax over finance expenses.

**LKAS**

Sri Lanka Accounting Standards.

**MARKET CAPITALISATION**

Number of shares in issue at the end of the period multiplied by the market price at the end of period.

**NET ASSETS**

Total assets less current liabilities less long term liabilities less non - controlling interests.

**NET ASSETS PER SHARE**

Net assets as at a particular financial year end divided by the number of

shares in issue as at the current financial year end.

**NON CONTROLLING INTEREST**

Part of the net results of operations and net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent Company.

**PRICE EARNINGS RATIO**

Market price of a share divided by earnings per share.

**PBT**

Profit before tax

**RELATED PARTIES**

Parties who could control or significantly influence the financial and operating policies of the business.

**RETURN ON EQUITY (ROE)**

Profits attributable to shareholders as a percentage of average shareholders' funds.

**RETURN ON CAPITAL EMPLOYED**

Profit before tax and net finance cost divided by capital employed.

**SHAREHOLDERS' FUNDS**

Total of stated capital, capital reserves and revenue reserves.

**SLFRS**

Sri Lanka Financial Reporting Standards.

**SORP**

Statement of Recommended Practices.

**RETIREMENT BENEFIT OBLIGATION**

Present Value of a Retirement Benefit obligation is the present value of

expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

**ACTUARIAL GAINS AND LOSSES**

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

**CURRENT SERVICE COST**

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

**INTEREST COST**

Is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Present value of a retirement benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

**REVENUE RESERVES**

Reserves considered as being available for distributions and investments.

**SEGMENT**

Constituent business units grouped in terms of nature and similarity of operations.

**VALUE ADDITIONS**

The quantum of wealth generated by

the activities of the company and its application.

#### **WORKING CAPITAL**

Capital required financing day-to-day operations (Current Assets less Current Liabilities).

#### **UITF**

Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka.

### **NON FINANCIAL TERMS**

#### **BIOMASS**

Bioenergy, are fuels that is developed from organic materials

#### **BRIQUETTES**

Compressed Block of coal dust or other combustible Biomass material (Eg: Charcoal, Sawdust, Wood chip, peat, or paper) used for fuel and kindling to start a fire.

#### **CBA**

Colombo Brokers Association

#### **CIPM**

Chartered Institute of Personnel Management

#### **CPFP**

Child Protection Focal Points

#### **CTTA**

Colombo Tea Traders Association

#### **CTA**

Colombo Tea Auctions

#### **ECOSYSTEM**

Geographic area where plants, animals and other organisms as well as

weather and landscape,work together to form a bubble of life

#### **EMS**

Environment Management System

#### **ENMS**

Energy Management System

#### **ENERGY INTENSITY**

The amount of energy used to produce a given level of output or activity

#### **EPL**

The Environmental Protection License (EPL) is a regulatory/legal tool under the provisions of the National Environmental Act No: 47 of 1980 amended by Acts No 56 of 1988 and No 53 of 2000.00

#### **EROM**

Enterprises Risk & Opportunity Management

#### **ESG TEAM**

Environmental, Social, and (corporate) Governance Team

#### **ETHICAL TEA PARTNERSHIP (ETP)**

ETP is a non-competitive alliance of 20 international tea packers who share a vision for a thriving industry that is socially just end enviornmentally sustainable.

#### **ETP**

Ethical Tea Partnership

#### **EWHCS**

Estate Worker Housing Cooperative Societies.

#### **EXTENT IN BEARING**

The extent of land from which crop is being harvested. Also see "Mature Plantation".

#### **FIELD**

A unit extent of land. Estates are divided into fields in order to facilitate management.

#### **GDP**

Global Domestic Production

#### **GHG**

Gases that trap heat in the atmosphere, contributing to global warming.

#### **GHG EMISSIONS**

Greenhouse Gas Emissions

#### **GSA**

The Gross Sales Average. This is the average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage etc.

#### **HACCP**

Hazard Analysis Critical Control Point System. A Scientific system which identifies, evaluates and control hazards which are significant for food safety.

#### **HPL**

CSE identification code for the Company.

#### **HRD**

Human Resource Development

#### **HRMS**

Human Resource Management System

**ILO**

International Labor Organization

**IMMATURE PLANTATION**

The extent of plantation that is under development and is not being harvested.

**INFILLING**

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

**ISO**

International Organisation for Standardisation. A worldwide federation of national standard bodies.

**KILOGRAM**

The kilogram, symbol kg, is the SI unit of measure.

**KPI**

Key Performance Indicators

**MATURE PLANTATION**

The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

**METRIC TON**

The metric ton is a unit of measure, and it is defined as 1,000 kilograms.

**MOH**

Ministry of Health

**MOU**

Memorandum of Understanding

**MSME**

Micro, Small and Medium Enterprises

**NAITA**

National Apprentice & Industrial Training Authority

**NILS**

National Institution of Labor Studies

**NIPM**

National Institute of Plantation Management

**NSA**

The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees. etc (Also see GSA).

**OHS**

Occupational Health & Safety

**PHDT**

Plantation Human Development Trust

**PPE**

Personal Protective Equipment

**QMS**

Quality Management System

**RAINFOREST ALLIANCE (RA)**

The Rainforest Alliance functions as the Secretariat of the SAN and administers its certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors.

**REGENERATIVE BUSINESS**

A Regenerative business seeks to restore and replenish ecosystems, fostering positive social and environmental impacts while ensuring long-term sustainability

**REPLANTING**

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing tree/bushes and replanting with new trees/bushes.

**RSM**

Revenue Sharing Model

**SEEDLING TEA**

Tea grown from a seed. (Also see VP Tea).

**SLTB**

Sri Lanka Tea Board

**SOIL ASSESMENTS**

Tests of soil physical, chemical and biological parameters.

**TRI**

Tea Research Institution.

**VP TEA**

Vegetatively Propagated tea. i.e. Tea grown from a cutting of a branch of tea plant. (Also see "Seedling").

**YIELD**

The average crop per unit extent of land over a given period of time. (Usually kgs per hectare per year).



## NOTICE OF THE ANNUAL GENERAL MEETING

HATTON PLANTATIONS PLC  
REGISTRATION NO. PB 5414PQ

NOTICE IS HEREBY GIVEN THAT THE EIGHTH (8TH) ANNUAL GENERAL MEETING OF HATTON PLANTATIONS PLC WILL BE HELD ON FRIDAY, 15th AUGUST 2025 AT 10.30. A.M. AT PARK PREMIER BANQUET HALL, EXCEL WORLD, NO. 338, T B JAYAH MAWATHA, COLOMBO 10.

The business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2025 with the report of the Auditors thereon.
2. To propose the following resolution as an ordinary resolution for the appointment of Mr. W L P Wijewardena who has reached the age of 72 years.

### Ordinary Resolution

"IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. W L P Wijewardena who has reached the age of 72 years prior to this Annual General Meeting and that he be re-appointed"

3. To re-elect Mr. G S Krishnamoorthy as per Article 30(1) of the Articles of Association.
4. To re-appoint Mr. P M B Fernando as per Article 28(2) of the Articles of Association.
5. To re-appoint Mr. Aravinda De Silva as per Article 28(2) of the Articles of Association.
6. To re-appoint Messrs. Deloitte Partners (Chartered Accountants) and authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine contributions to Charities.

By order of the Board

**Corporate Advisory Services (Pvt) Ltd**

*Secretaries, Hatton Plantations PLC*

*Colombo*

*23rd June 2025*

### Notes:

1. The Annual Report of the Company for 2024/25 is available on the Corporate Website - <https://hattonplantations.lk/financial-data/AnnualReports/Annual-Report-2024-2025.pdf> and the on the Colombo Stock Exchange (CSE) website visit <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=HPL.N0000>
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at registered office No. 168, 2nd Floor, Negombo Road, Peliyagoda or must be e-mailed to [info@hattonplantations.lk](mailto:info@hattonplantations.lk) not less than forty eight (48) hours before the time fixed for the Meeting.
4. We shall be obliged if the shareholders/proxies attending the Annual General Meeting, produce their National Identity Card to the Security Personnel stationed at the entrance.

FORM OF PROXY

HATTON PLANTATIONS PLC  
REGISTRATION NO. PB 5414PQ

I/We.....of.....  
being a member / members of Hatton Plantations PLC, hereby appoint:  
  
.....of .....or  
failing him, Mr. G D Seaton (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/  
our proxy to vote as indicated hereunder for me/us and on my/our behalf at the Eighth (08th) Annual General Meeting of the  
Company, to be held on Friday, 15th August 2025 at 10.30 a.m. and at every poll which may be taken in consequence of aforesaid  
meeting and any adjournment thereof:

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2025 with the report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
2. To pass an ordinary resolution to re-appoint Mr. W L P Wijewardena who has reached the age of 72 years, as a Director.	<input type="radio"/>	<input type="radio"/>
3. To re-elect Mr. G S Krishnamoorthy as per Article 30(1) of the Articles of Association.	<input type="radio"/>	<input type="radio"/>
4. To re-appoint Mr. P M B Fernando as per Article 28(2) of the Articles of Association.	<input type="radio"/>	<input type="radio"/>
5. To re-appoint Mr. P Aravinda De Silva as per Article 28(2) of the Articles of Association.	<input type="radio"/>	<input type="radio"/>
6. To re-appoint Messrs. Deloitte Partners (Chartered Accountants) as Auditors of the company authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>
7. To authorize the Directors to determine contributions to Charities.	<input type="radio"/>	<input type="radio"/>

Dated this .....day of .....2025

.....  
Signature of Shareholder

(a) A proxy need not be a member of the Company                      Shareholders NIC .....

(b) Instructions regarding completion appear overleaf.                      Proxy holders NIC .....



## INSTRUCTION AS TO COMPLETION OF THE FORM OF PROXY

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors of the Company) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
3. The completed form of Proxy should be deposited at registered office No. 168, 2nd Floor, Negombo Road, Peliyagoda or must be emailed to [info@hattonplantations.lk](mailto:info@hattonplantations.lk) not less than forty eight (48) hours before the time fixed for the Meeting, i.e. before 13th August 2025.
4. The Proxy shall – (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an Attorney, a notary Public certified copy of the Power of Attorney should be attached to the completed form of Proxy if it has not already been registered with the Company. (b) In the case of a company or corporate/statutory body either be under its Common Seal or signed by its Attorney or by an Officer/s on behalf of the Company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
5. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

## CORPORATE INFORMATION

### COMPANY

Hatton Plantations PLC

### LEGAL FORM

Companies Act No. 07 of 2007 and listed on the Colombo Stock Exchange

### DATE OF INCORPORATION

14th September 2017

### COMPANY REGISTRATION NO.

PB 5414PQ

### FINANCIAL PERIOD

31ST March

### PRINCIPAL LINE OF BUSINESS

Cultivation and Manufacture of Black Tea

### STOCK CODE

HPL.N0000

### STOCK EXCHANGE LISTING

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

### THE BOARD OF DIRECTORS

#### Mr. Gary Seaton

- Chairman

(Appointed as a Director on 17th July 2019 and as the Chairman on 23rd July 2019)

#### Mr. Menaka Athukorala

- Managing Director

(Appointed as a Director on 17th July 2019, as the Managing Director on 23rd Jul 2019 and as Chief Executive Officer on 31st March 2022)

#### Mr. Gowri Shankar

-Non Executive Director

(Appointed on 17th July 2019)

#### Mr. Hiro Bhojwani

-Non Executive Director

(Appointed on 23rd July 2019)

#### Mr. Indrajith Fernando

-Non Executive/ Independent Director

(Appointed on 17th July 2019)

#### Mr. Uditha Palihakkara

-Non-Executive/ Independent Director

(Re-signed on 1st January 2025)

#### Mr. Damascene Perera

-Non-Executive Director

(Appointed on 15th January 2021)

#### Mr. Lucille Wijewardena

-Non-Executive Director

(Appointed on 15th January 2021)

#### Mr. Mayura Fernando

-Non-Executive Director/ Independent Director

(Appointed on 1st January 2025)

#### Mr. Aravinda De Silva

-Non-Executive Director/ Independent Director

(Appointed on 16th January 2025)

### AUDIT COMMITTEE

#### Mr. Indrajith Fernando - Chairman

Mr. Mayura Fernando - (Appointed on 1st January 2025)

Mr. Uditha Palihakkara - (Re-signed on 1st January 2025)

#### Mr. Gowri Shankar

### REGISTERED OFFICE

No. 168, 2nd Floor, Negombo Road, Peliyagoda

Tel. Nos. +94 11 4537700

Fax No. +94 11 4537701

Email : info@hattonplantations.lk

Web : www.hattonplantations.lk

### BUSINESS OFFICE

No. 168, 2nd Floor, Negombo Road, Peliyagoda

### SECRETARIES

Corporate Advisory Services (Pvt) Ltd.

No. 47, Alexandra Place, Colombo 07

Tel; +94 11 2695782

Fax : +94 11 2695410

### REGISTRARS

S S P Corporate Services (Pvt) Ltd

No. 101, Inner Flower Road,

Colombo 03

Tel : +94 11 2576871

Email : sspsec@sltnet.lk

### AUDITORS

Deloitte Partners (Chartered

Accountants)

No. 100, Braybrooke Place, Colombo 02

Tel : +94 11 7719700,

Fax : +94 11 2303197

### TAX CONSULTANTS

KPMG, Chartered Accountants.

No.32A,, Sir Mohamed Macan Markar

Mw., Colombo 03

Tel : +94 11 5426426

Fax : +94 11 2445872

### SUBSIDIARIE – REGISTERED OFFICE

No. 168, 2nd Floor, Negombo Road, Peliyagoda

### SUBSIDIARIE – HEAD OFFICE

No. 168, 2nd Floor, Negombo Road, Peliyagoda

### BANKERS

Nations Trust Bank PLC

Hatton National Bank PLC

National Development Bank PLC

State Bank of India

DFCC Bank PLC

People's Bank PLC

Commercial Bank PLC

Seylan Bank PLC

Sampath Bank PLC



[www.hattonplantations.lk](http://www.hattonplantations.lk)

