Heladiv®

TEA FROM PARADISE

ANNUAL REPORT 2024 2025

HVA FOODS PLC

VISION

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

MISSION

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

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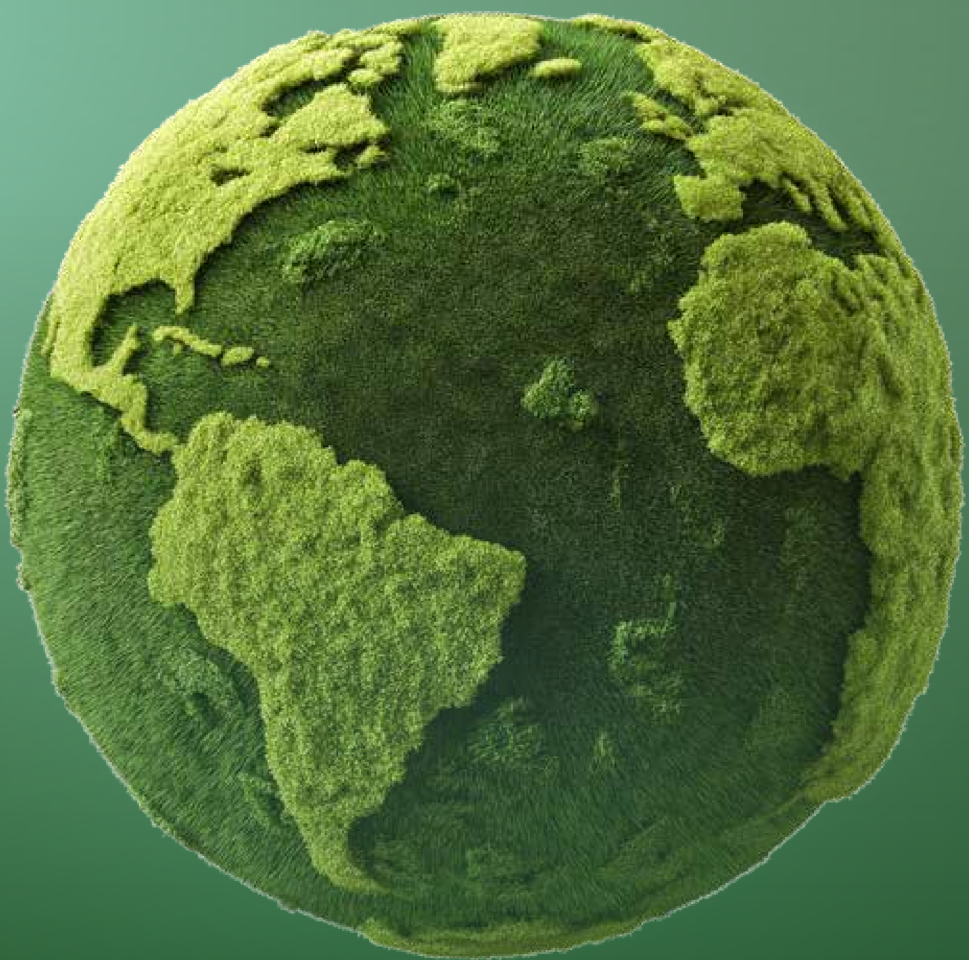
A brand with a Global Recognition

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



Who We Are

Since its inception and for the decades that have followed, Heladiv Tea has brought immense pride to the Sri Lankan tea industry, playing a vital role in adding value to the national economy. Consistently connected to Sri Lanka's rich tea heritage, the brand has successfully showcased the exceptional flavour and character of Ceylon tea to the world, upholding the sky-high standards of quality and craftsmanship that embodies Sri Lankan tea.

Thanks to its unwavering dedication to excellence, Heladiv Tea has earned global recognition as a trusted name. Its extensive portfolio – from black and green teas to herbal and specialty blends – continues to delight tea connoisseurs worldwide, with the authentic essence of Ceylon tea present in every sip.

Today, innovation and tradition go hand-in-hand at Heladiv Tea. Inventive tea concepts and modern techniques blend seamlessly with time-honoured craftsmanship, keeping the brand ahead in an evolving industry. With a growing international and local presence, Heladiv Tea continues to appeal to a diverse and expanding consumer base.

In essence, Heladiv Tea champions the uniqueness of Ceylon tea through creativity, sustainability, and a deep respect for Sri Lanka's tea culture – elevating the global reputation of Sri Lankan tea while preserving the communities and environments that make it possible.

Heladiv®
TEA FROM PARADISE

OUR PRODUCT MIX

H V A's portfolio of products have now transcended from traditional tea to modern ready-to-drink iced tea variants. It has also introduced superfoods like Moringa, spice teas and herbal infused beverages to suit wellness, mixology, culinary and HORECA needs. Founded by an expert tea connoisseur Rohan Fernando, counting over 4 decades of local and global experience in the industry, having worked at Brooke Bond, Ceylon Health & Co etc. H V A Foods PLC has been built upon a strong foundation of quality, consistency and innovation.

BEVERAGES COLLECTION

Made from 100% pure Ceylon tea using a methodology to retain the natural taste and properties.

PREMIUM COLLECTION

A tea for every season – a range of beautifully designed tins that encapsulate the spirit.

HERBAL COLLECTION

Using the knowledge of our ancestors, our tea masters and nutritionist have created this.

TEA BAG COLLECTION

The HELADIV flavour collection is a marriage of exotic flavours with the finest Ceylon tea.

HERBAL RANGE

A selection of herbal teas from across the globe, processed in Germany to meet EU quality standards. A product extension for any brand of tea, blended or straight.

TEA FROM PARADISE

We at Heladiv take pride in presenting "Pride of Ceylon" tea in its finest form.

HORECA COLLECTION

HELADIV professional is specifically designed for the hospitality and catering sectors.

GIFT COLLECTION

Heladiv brings you a collection of gifts items from the classic wooden compartment boxes.

MIXOLOGY COLLECTION

Be your own DIY Mixology! Step up your perfect party punch to fulfil the nostalgic cravings.

OTHER BRANDS

OUR REACH

HELADIV is today registered in over 40 countries around the world.


CIS
Europe
East Asia
Asia
GCC
Africa
Australia

SYMBOLISING PRODUCT EXCELLENCE AND CUSTOMER CONFIDENCE

In an increasingly competitive global tea industry, maintaining excellence is not merely a benchmark for HVA Foods PLC - it is our brand promise. This commitment is more than a marketing statement; it is embedded in our customer care philosophy.

A Distinct Standard in Quality and Trust

While much of our export business today is centred on private label manufacturing, the HVA Foods brand remains our flagship representation of what it means to deliver pure Ceylon excellence. Every pack that carries our name embodies a multi-layered promise of authenticity and consumer satisfaction. Our quality assurance mechanisms span the entire supply chain, from the auction room floor to the final shipment, ensuring that what reaches the consumer is to their precise requirements. The HVA packaging, frequently praised across markets, is a point of pride. Our clients have consistently highlighted not only the durability and design of our materials but also the attention to cultural aesthetics that resonate in diverse geographies.

Building Relationships Beyond Brands

In the realm of private label exports, where 80% of the tea originates from the same auction source, what truly distinguishes a supplier is the strength of relationships. At HVA Foods, we place immense value on partnership. Our relationships are grounded in consistency, responsiveness and a personal level of attention that goes beyond transactional business. It is this B2B trust, cultivated over years, that forms the backbone of our success. We cater to the unique needs of each market segment, offering a broad spectrum of tea grades and packaging configurations.

A Commitment to Purity and Traceability

Tea is a lifestyle product that offers health benefits backed by science. Our in-house Analysis and Development Department continuously monitors taste profiles, chemical residues and product integrity to ensure that every batch meets global standards for food safety and consumer health. While we source our teas from the Colombo Tea Auction, we are highly selective in choosing suppliers based on customer specifications and ethical certifications. Where required, we source exclusively from estates certified under Rainforest Alliance, USDA Organic, EU Organic or JAS Organic standards.

Certifications That Build Global Confidence

- Rainforest Alliance Certification: Ensuring that our products are grown using socially and environmentally responsible practices, with direct benefits to farming communities and ecosystems.
- USDA Organic: Endorsed by the United States Department of Agriculture, the certification guarantees the organic integrity of our supply chain.
- EU Organic Production Regulation: Assures European consumers of compliance with some of the world's most rigorous organic standards.
- Japanese Agricultural Standard (JAS) Organic: Mandatory certification for organic products in Japan, affirming our reach into discerning markets in Asia.
- ISO 22000:2018: The food safety certification confirms our compliance with global standards for hazard prevention, critical control and best manufacturing practices.
- Halal Certification: Ensuring our products are lawful and permissible for Muslim consumers globally, aligning with Sharia-compliant production methods.

After-Sales Assurance

As a predominantly B2B business, we uphold strict post-production quality control. Our protocol includes sending multiple samples to clients at every stage: from pre-order tasting to post-packaging checks. This ensures that the final shipment is aligned with buyer expectations and mitigates the risk of post-delivery complaints. Our near-zero customer complaint record over the past two years is a testament to the effectiveness of these practices.

Diversity In Product Offerings

HVA Food's product portfolio is designed with the global consumer in mind. From premium black teas to more accessible blends, and from value-added flavoured infusions to green teas under experimentation, our offerings are tailored to meet the evolving tastes of international markets.

Our growing expertise in tea flavouring, combined with new partnerships with a leading German flavour manufacturer, is enabling us to explore new markets and increase our value-add per shipment. These developments are set to enhance our competitiveness and profitability in the current financial year.

CHAIRMAN'S MESSAGE

> **A dual-track strategy was pursued to focus on diversification, and HVA Foods successfully entered the Herbal ingredients for Tea segment, expanding the product portfolio to include Sri Lankan cinnamon and other herbal extracts. These were introduced to the market in a more structured and organised manner and are expected to contribute positively in the years ahead.**

DEAR SHAREHOLDER,

I am pleased to welcome you to the 15th Annual General Meeting of HVA Foods PLC and to place before you the annual report and audited financial statements for the period under consideration. FY2024/25 was a period of cautious recovery and strategic repositioning for the company as it was for the tea sector and the economy.

NAVIGATING A TRANSITIONAL GLOBAL AND DOMESTIC LANDSCAPE

As for the global economy in 2024/25, it continued on a path of gradual recovery after the shocks caused by the COVID-19 pandemic, the war in Ukraine, supply chain disruptions and tightening monetary conditions in key markets. As per the International Monetary Fund (IMF), global GDP growth stood at 3.1% in 2024, maintaining a modest pace similar to 2023. Although advanced economies recorded slower growth of around 1.6%, weighed down by high interest rates, emerging markets and developing economies meanwhile performed better, growing at approximately 4.1%. It was a relief to note inflation showing signs of easing globally but it remained elevated in some regions due to persistent energy costs, wage pressures and geopolitical tensions. The World Bank observed a stabilisation of commodity prices, but downside risks from conflict zones, particularly the Middle East and Eastern Europe added fragility to the global outlook. Global trade volumes remained subdued, especially for discretionary consumer goods, while services trade, including travel and tourism rebounded. Monetary policy across most economies remained tight but showed signs of normalisation. Global investment flows, especially into emerging markets, showed signs of recovery, although investor confidence remained sensitive to regional political volatility and debt sustainability concerns.

SRI LANKA ECONOMY OVERVIEW

Sri Lanka entered 2024 on the back of structural reforms mandated by its Extended Fund Facility (EFF) programme with the IMF, which helped stabilise key macroeconomic indicators. The Central Bank of Sri Lanka (CBSL) estimated the national economy to have grown by around 5.0% in 2024, marking a clear departure from the contraction experienced in 2022 and the shallow recovery of 2023. Inflation moderated significantly, with year-on-year headline inflation averaging 1.6% in 2024, down from double-digit figures seen in 2022. This decline was driven by a tight monetary policy stance, better domestic supply conditions and the stabilisation of the exchange rate. Interest rates too were on a declining path. Meanwhile, CBSL reduced its key policy rates gradually throughout the year. Lower interest rates improved access to credit for businesses and households, spurring moderate growth in investment and consumption supported by increased foreign inflows and disciplined fiscal management. Tourism saw a strong recovery, with nearly 2.05 million arrivals in 2024, compared to 1.49 million in 2023. Worker remittances crossed USD 6.5 billion, providing vital support to the external sector. These two income streams, alongside improved exports in garments and services, helped the country maintain gross official reserves above USD 5 billion by end-2024.

However, agriculture continued to underperform, growing at just 1.2% for the year. The delayed recovery from the 2021 organic fertiliser policy setback meant that yields in several sub-sectors, including tea and paddy, remained below pre-crisis levels. Input costs, labour disputes and weather-related challenges further contributed to the weak performance of agriculture.

TEA INDUSTRY PERFORMANCE

As one of the foremost export earners, the Tea industry too had to contend with these structural and external headwinds during 2024/25. According to the Sri Lanka Tea Board, tea production for 2024 stood at 262 million kilograms, a modest increase from the 256 million kilograms recorded in 2023. This improvement followed better rainfall and a partial recovery in fertiliser usage. However, production levels remained significantly below the pre-2020 year's average of 300-320 million kilograms, reflecting long-term challenges in cultivation practices, soil degradation and ageing plantations.

Tea exports in 2024 amounted to 245 million kilograms, generating USD 1.4 billion in revenue. While the volume slightly improved, revenue saw only marginal gains due to lower average auction prices and higher export costs. This marked a continued struggle to maintain competitiveness in a global market increasingly favouring low-cost producers such as Kenya and India. The Middle East and CIS countries remained the dominant markets for Ceylon Tea. However, demand volatility in Russia and Ukraine, along with currency depreciation in some importing nations, affected shipment volumes. The UAE, Iraq, Turkey and Saudi Arabia accounted for the majority of exports, though growth remained flat in these regions due to inflation and shifting consumer preferences.

High input and labour costs continued to weigh on profitability across the industry. The recently renegotiated collective wage agreements for estate workers and the continued absence of mechanisation in most estates meant that Sri Lanka retained some of the highest per-kilogram production costs globally. Adding to the cost burdens were elevated shipping and trade logistics costs. Long-term shipping contracts and trade finance constraints continued to impact gross margins. The industry also witnessed an increased focus on value addition, with several exporters investing in tea bags, flavoured teas and herbal blends for niche and health-conscious consumers in Europe, North America and East Asia.

PERFORMANCE & STRATEGIC CONTEXT

Against this challenging backdrop, HVA Foods' principal achievement for the year under review was the consolidation of its financial position, achieved through focused cost management and operational restructuring. Your company was able to reduce both internal and external debt, thereby improving balance sheet strength and financial resilience. A comprehensive financial restructuring strategy, enhanced working capital management, laid the groundwork for future operational stability.

The challenges to performance were primarily rooted in the external environment. Declining gross profits were largely the result of elevated trade and freight costs, which affected not just HVA Foods - but the broader industry. While topline revenues remained relatively stable, company margins were adversely impacted. Moreover, supply-side issues stemming from low tea yields, a lingering effect of past fertiliser shortages, continued to drive up our raw material costs, further straining profitability.

In response, a dual-track strategy was pursued to focus on diversification and customer consolidation. On the diversification front, HVA Foods successfully entered the Herbal Tea segment in partnership with a leading German manufacturer. This business line opens up a new revenue stream and aligns with global market trends that favour value added teas and enhanced consumer experiences. Similarly, the product portfolio was expanded to include Sri Lankan cinnamon and other herbal extracts. These were introduced to the market in a more structured and organised manner during the year and are expected to contribute positively in the years ahead.

Customer consolidation was the second core pillar of this strategic realignment. Engagement with select key clients were deepened, especially in the Middle East with the aim of becoming their preferred supplier from Sri Lanka. This involved streamlining service offerings, improving delivery timelines and enhancing responsiveness - efforts which have begun to show tangible results and expected to gather further momentum in the coming year.

PRODUCT DEVELOPMENT AND MARKET EXPANSION

The year also saw renewed focus on brand and product development. In the Iced Tea category, which consists of iced tea syrups or concentrates, availability was improved within the modern retail trade. The tourism boom expected to provide greater domestic traction to this product. While the segment remains highly competitive, HVA Foods' retail strategy is closely aligned with the tourism and hospitality sectors. Meanwhile, focus on bulk tea and tea bag markets will be strengthened with an eye on long-term relationships with export clients. Experimental efforts in green tea development remain ongoing and will be further refined based on early-stage consumer response.

ESG AND GOVERNANCE COMMITMENTS

Your Company's commitment to sustainability and ethical business continues to guide both strategic and operational decisions. During the year under consideration, production facilities were upgraded to enhance efficiency and reduce environmental impact. Substantial progress was achieved in improving ESG reporting standards and in aligning them with international frameworks. Ethical sourcing remains central to the company's procurement practices. While the company primarily sources from auctions, where required, it engages only with certified suppliers adhering to international ethical standards.

Further, HVA Foods PLC is fully committed to upholding the highest standards of corporate governance in line with the Companies Act No. 07 of 2007, the Corporate Governance Code issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and the continuing listing requirements of the Colombo Stock Exchange (CSE). Your Company ensures transparency, accountability, and integrity across all levels of operation, while maintaining robust internal controls and risk management frameworks to safeguard stakeholder interests and ensure sustainable value creation.

During the year under review, regular audit committee meetings, internal audits and related-party reviews were conducted in accordance with governance practices under the George Steuart Group. The management improved oversight of working capital, inventory management and financial reporting. The company's governance practices are continually evaluated to ensure alignment with stakeholder expectations and regulatory norms.

RISK OUTLOOK AND EXTERNAL CONSIDERATIONS

Looking ahead, several macroeconomic and geopolitical risks remain on the horizon. Our continued reliance on the Middle East market means that any escalation of regional tensions could directly affect our export volumes and pricing structures. Similarly, global tariff realignments, particularly in emerging Western markets, could either open opportunities or pose fresh barriers. While we are closely monitoring developments in the US trade policy landscape, the country remains a developing market for HVA Foods rather than a core revenue driver. I speak for the industry when I say that we remain cautiously optimistic that global freight prices which have shown improvements will stabilise and input costs will normalise over the coming months. Any substantial positive movement in these areas will directly support margin recovery.

FUTURE OUTLOOK

The company's focus for 2025/26 will be the continued execution of its diversification and customer consolidation strategy. The tea flavouring and herbal segments will be scaled up to capture more value in both traditional and new markets. The full-year benefits of the restructured finance function and cost optimisation programmes is eagerly awaited. Further, the focus on the domestic market through targeted retail, modern trade and tourism-led initiatives, will be accelerated in the coming year. Unless significant and unforeseen global disruptions arise, this strategy remains HVA Foods' future strategy to regain profitability and deliver sustained value to shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to extend my sincere appreciation to our parent company, the George Steuart Group. Their continuous guidance and support have been instrumental in improving our governance frameworks and operational processes. I also commend the HVA management team for steering the company through volatile times with discipline and resolve.

To our shareholders, I thank you for your enduring trust and patience. While we have not yet returned to profitability, we have made notable progress in stabilising our business and repositioning ourselves for growth.

The senior leadership and team remain fully committed to ensuring that the coming year delivers improved outcomes.

S.P.S. Ranatunga
Chairman

28th August 2025

BOARD OF DIRECTORS

S.P.S.Ranatunga

Independent Non-Executive Director / Chairman (Appointment with effect from 17th April 2024)

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

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

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

He holds directorships in six other companies:

Independent Non-Executive Director

Citrus Leisure PLC (Chairman)
Hikkaduwa Beach Resort PLC (Chairman)
Waskaduwa Beach Resort PLC (Chairman)
Spectrify AI Agro Technology (Pvt) Ltd (Chairman)
Remediumone (Pvt) Ltd
V S Information Systems Group (Pvt) Ltd

Ms. V. S. A. Fernando

Non-Executive Director

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

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

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

She holds directorships in thirty eight other companies :

Executive Director

Adpack Productions (Pvt) Ltd
Emagewise (Pvt) Ltd
Hammer BTL (Pvt) Ltd
Hardtalk (Pvt) Ltd
Kites Global (Pvt) Ltd
Power House Ltd
Printage (Pvt) Ltd
Sarva Integrated (Pvt) Ltd
Thirty five km (Pvt) Ltd
Triad (Pvt) Ltd (Joint Managing Director)

Non-Executive Director

Asia Commerce Exports (Pvt) Ltd
Asia Commerce Holdings Ltd
Citrus Aqua Limited
Citrus Leisure PLC
Citrus Silver Ltd
Citrus Vacations Limited
Derana Macroentertainment (Pvt) Ltd
Divasa Equity (Pvt) Ltd
Divasa Holdings (Pvt) Ltd
George Steuart Ethicals (Pvt) Ltd
George Steuart and Company Limited
Hammer Digital (Private) Limited
Hammer Engineering Ltd
HVA Beverages (Pvt) Ltd
HVA Farms (Pvt) Ltd
HVA Fine Teas (Pvt) Ltd
HVA Holdings (Pvt) Ltd
HVA Lanka Exports (Pvt) Ltd
Imageline (Pvt) Ltd
Lake Drive Holdings (Pvt) Ltd
Liberty Publishers (Pvt) Ltd
Mantram (Private) Limited
Mantram (Pvt) Ltd
Spaacs (Pvt) Ltd
Taprobane Street (Pvt) Ltd
Third World Operations (Pvt) Ltd
Triadhot.com (Pvt) Ltd
Waskaduwa Beach Resort PLC

BOARD OF DIRECTORS

S.U. DASSANAYAKE

Chief Operating Officer / Executive Director

Mr. S. U. Dassanayake counts over 13 years of corporate experience mainly in the FMCG industry. He has held roles in Sales, Trade Marketing and Brand Management in both local and multi-national companies such as Ceylon Tobacco Company (BAT), Unilever and Hemas FMCG. During Mr. Dassanayake's career, he has been a part of crafting brand activities, campaigns and Route To Market (RTM) strategies for local and international brands. He is also exposed to export market development through value added Spices & Herbal Tea. He holds a MBA from the University of Bedfordshire (UK) and a Degree in Business Administration from the University of Staffordshire (UK). He was also an executive committee member of the Tea Exporters Association (TEA) and currently an Council Member of the National Chamber of Exporters. Furthermore, currently he represents the Sri Lanka Russia Business Council as a committee member as well.

He holds directorships in four other companies:

Executive Director

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

M.P.D. COORAY

Independent Non-Executive Director

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

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

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

He holds directorships in fifteen other companies:

Executive Director

Management Systems (Pvt) Ltd (Managing Director)
Colombo Medical & General Company Ltd
Secretarial Services (Pvt) Ltd

Senior Independent Non-Executive Director

Hatton National Bank PLC

Independent Non-Executive Director

United Motors Lanka PLC (Chairman)
Jat Holdings PLC
Jetwing Symphony PLC
The Lighthouse Hotel PLC
George Steuart and Company Limited
Dutch Lanka Engineering (Pvt) Ltd (Chairman)
Dutch Lanka Trailer Manufacturers Ltd (Chairman)
U M L Heavy Equipment Limited (Chairman)
U M L Property Developments Limited (Chairman)
Unimo Enterprises Limited (Chairman)

Non-Executive Director

The Children Heart Project of Sri Lanka

S.A. AMERESEKERE

Non-Executive Director

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

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

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

He holds directorships in forty three other companies :

Non-Executive Director

Adpack Productions (Pvt) Ltd
Agrispice (Private) Limited
Anantya Global Solutions Company Limited
Asia Commerce Holdings Ltd
Ceylon Grid Services (Pvt) Ltd
Citrus Leisure PLC
Citrus LT (Pvt) Ltd
Divasa Equity (Pvt) Ltd
Divasa Real Estate (Pvt) Ltd
Diva Osu Ayurveda (Pvt) Ltd
Emagewise (Pvt) Ltd
George Steuart (Exports) Limited
George Steuart Ethicals (Pvt) Ltd
George Steuart Aviation (Pvt) Ltd
George Steuart Capital (Pvt) Ltd
George Steuart Consumer (Pvt) Ltd
George Steuart Education (Pvt) Ltd
George Steuart Health (Pvt) Ltd
George Steuart Holidays (Pvt) Ltd
George Steuart Industries (Pvt) Ltd
George Steuart Insurance Brokers (Pvt) Ltd
George Steuart Investment (Pvt) Ltd
George Steuart Recruitments (Pvt) Ltd
George Steuart Solutions (Pvt) Ltd
George Steuart Telecom (Pvt) Ltd
George Steuart Travels Limited
George Steuart Optimize (Pvt) Ltd
Gree Lanka (Pvt) Ltd
H V A Holdings (Pvt) Ltd
Hardtalk (Pvt) Ltd
Hikkaduwa Beach Resort PLC
James Steuart (Pvt) Limited
Kites Global (Pvt) Ltd
Kites Digital (Pvt) Ltd
Liberty Developers (Pvt) Ltd
Liberty Holdings Limited
Mango Publishers (Pvt) Ltd
Three Fifty at Union (Pvt) Ltd
Triadhot.com (Pvt) Ltd
Waskaduwa Beach Resorts PLC

Executive Director

Colombo Land and Development Company PLC
George Steuart and Company Limited (Chairman)
Triad (Pvt) Ltd

C.G. Stork

Executive Director/
Chief Executive Officer
(Appointment with effect from 01.04.2024)

Mr. Stork has over 30 years of experience in the tea trade including at Expoteas Ceylon (Pvt) Ltd., Hemas

Commodities (Pvt) Ltd and 17 years at our very own George Steuart Teas. Apart from his multifaceted experience in tea, Graham is also specialised in herbs and flavours. Over the years, Graham had established The Herbal Storage (Pvt) Ltd., which imported herbal infusions for the tea industry and he was a founder partner of Marah Trading (Pvt) Ltd., which provided tea bagging services and was the first tea packing factory to obtain FSSC certification in Sri Lanka.

Establishing a Tea School, Australian Tea Masters Ceylon (Pvt) Ltd., under the guidance of Australian Tea Masters (Melbourne).

He holds directorships in one other companies:

Herbal Storage (Pvt) Ltd

MANAGEMENT DISCUSSION & ANALYSIS

OPERATING ENVIRONMENT

GLOBAL ECONOMIC OVERVIEW

The global economy in 2024 experienced moderate recovery amidst persistent geopolitical tensions, inflationary pressures and varying fiscal policies across regions. The International Monetary Fund (IMF) noted that global GDP growth in the year 2024 remained more or less on par with the previous year, at 3.1%. While advanced economies slowed in response to monetary tightening cycles, emerging markets, led by Asia, remained the main drivers of global expansion.

The United States economy grew at an estimated 2.8% in 2024, bolstered by resilient consumer spending and robust labour market performance.

However, inflationary pressures prompted continued monetary policy vigilance from the Federal Reserve.

The Eurozone faced sluggish growth due to energy price volatility and weak industrial output, while China recorded a 5% growth, supported by a rebound in consumer activity and strategic stimulus to the real estate and infrastructure sectors.

Key headwinds included supply chain bottlenecks lingering from geopolitical conflicts (notably in Eastern Europe and the Middle East), elevated food and commodity prices and climate-induced disruptions in agricultural regions. These global dynamics shaped demand and pricing across the agri-business sector, including tea exports from Sri Lanka.

GLOBAL TEA INDUSTRY OVERVIEW

In 2024, the global tea market demonstrated modest volume growth, with consumption expanding particularly in Asian and Middle Eastern markets. According to the Food and Agriculture Organisation (FAO), global tea consumption exceeded 6.8 million metric tonnes, a 2.5% increase over 2023. The key contributors were China, India and Pakistan, accounting for over 55% of total consumption. Black tea remained the dominant product, although green tea and specialty segments such as herbal blends, functional teas and ready-to-drink (RTD) products gained momentum, especially among younger demographics and health-conscious consumers. The premiumisation of tea, influenced by rising disposable incomes and wellness trends, saw growing demand for organic and sustainably sourced variants.

Exporters faced dual challenges of price volatility and rising input and logistics costs. Kenyan and Indian teas maintained a competitive edge due to higher yields and supportive government subsidies. In contrast, Sri Lankan tea, despite its superior flavour profile, struggled to maintain competitiveness amid high production costs and weakening productivity.

Climate change effects (erratic rainfall to rising temperatures) further stressed global supply chains, influencing yield and quality parameters.

SRI LANKAN ECONOMIC ENVIRONMENT – 2024/25

The Sri Lankan economy showed gradual stabilisation in 2024 following years of unprecedented economic and political crises. According to the Central Bank of Sri Lanka (CBSL), the GDP growth rate was 5.0% in 2024, supported by recovery in tourism, remittances and service sector activity.

Gross Domestic Product (GDP)

Sri Lanka's GDP registered modest but encouraging growth in 2024, reversing the contraction witnessed in 2022. The services sector, which accounts for nearly 60% of GDP, expanded by 2.4%, driven by tourism and ICT exports. The industrial sector showed a strong growth of 11% for the period.

Agriculture, particularly plantation crops such as tea and rubber, recorded marginal growth of 1.2%, largely due to lingering impacts of the fertiliser ban and climate anomalies.

Inflation

Inflationary pressures eased significantly over the year. Key drivers of moderation included lower global oil prices, currency stabilisation, and tighter monetary policy implementation. However, food inflation remained elevated in the first half due to supply constraints and poor harvests, before easing in the latter part of the year.

Exchange Rates

The Sri Lankan Rupee displayed greater stability during 2024. After volatile fluctuations in 2022–2023. The CBSL also maintained a managed float regime to dampen excessive volatility. While exporters benefited from a weaker rupee in early 2024, the appreciation in Q3 and Q4 affected price competitiveness, especially in sensitive markets such as the CIS and the Middle East.

Interest Rates

Interest rates saw a declining trend as the Central Bank transitioned to a growth-supportive stance. The Standing Lending Facility Rate (SLFR) was reduced from 10% to 8.5% over the year. Commercial lending rates, which had reached highs of over 20% in 2023, eased to below 14% by Q4

2024, improving credit access for businesses. The move was intended to stimulate investment, although private credit growth remained cautious.

SRI LANKAN TEA INDUSTRY PERFORMANCE - 2024

Sri Lanka's tea industry continued to grapple with structural and market challenges during 2024, although there were signs of stabilisation in production and quality metrics.

Tea Production and Exports

According to Sri Lanka Tea Board data, annual tea production was recorded at 262.1 million kg, marking a 2.4% increase from 2023 levels.

However, this remained significantly below the pre-crisis average of 300 million kg. The recovery was driven by improved fertiliser availability, favourable rainfall in Q2 and strategic estate management practices.

Despite this improvement, yields per hectare remain low compared to regional competitors.

Tea export volumes in 2024 reached 246 million kg, earning approximately USD 1.44 billion, a marginal 3% decline compared to 2023. Bulk tea accounted for 45% of exports, while value-added products such as tea bags, flavoured teas and RTDs gained share at 32%. Russia, Iraq, Turkey, the UAE and Iran remained top destinations. However, shipments to the CIS region were impacted by logistics hurdles and payment delays due to sanctions and banking restrictions.

Colombo Tea Auction Prices

Average auction prices at the Colombo Tea Auction remained volatile during the year, influenced by forex trends, shipping costs and supply chain bottlenecks. The Average auction price per kg stood at LKR 1,370 (USD 4.20) in 2024, down from LKR 1,600 in 2023, as global oversupply and price sensitivity in key markets exerted downward pressure.

Orthodox teas, which are Sri Lanka's forte, continued to command a premium, but market volatility posed a risk to long-term contracts.

Key Challenges

Despite its heritage and global brand equity, Sri Lanka's tea sector continues to face entrenched challenges:

- High production costs, driven by labour-intensive plucking, limited mechanisation and rising wages.
- Ageing tea bushes, low replanting rates and declining soil fertility.
- Regulatory gaps, including inconsistent policy on fertilisers and lack of export promotion schemes.
- Inadequate marketing, limiting the global reach of Ceylon Tea, especially in high-growth markets such as North America.
- Climate risks, which threaten productivity, consistency and harvest cycles.

Looking Ahead

As Sri Lanka emerges from economic crisis mode into a phase of cautious recovery, the prospects for the tea industry remain mixed. On one hand, stabilised macroeconomic indicators, easing interest rates and export incentives offer a supportive backdrop. On the other, structural inefficiencies and global headwinds continue to threaten competitiveness. For HVA Foods PLC, the way forward lies in value-added innovation, deeper market penetration and efficiency-led growth.

FINANCIAL REVIEW

Improving Profitability and Operational Stability

HVA Foods PLC made meaningful progress in narrowing its financial losses during the year ended 31st March 2025. The company reported a year-on-year reduction in net losses: from Rs. 326.12 million in FY 2023/24 to Rs. 139.83 million in FY 2024/25, reflects the positive impact of disciplined cost management, lower finance costs and operational efficiencies that led the Company return to its core fundamentals. Importantly, performance in the final two quarters of FY 2024/25 indicated a steady positive momentum, suggesting that the turnaround strategy is beginning to yield sustainable results. It is also pertinent to note that in FY 2024 company has made proactive measures to provide for slow moving stocks and adjusted the current price of carrying value of inventories. Due to which FY 2024 recorded a significant loss.

Margins Under Pressure Amid Competitive Export Pricing

Despite the positive trajectory in volumes, gross profit margins remained compressed during the year. The export environment remained highly competitive (particularly in key markets such as the Commonwealth of Independent States (CIS) and the Middle East), requiring HVA Foods to adopt aggressive pricing strategies to retain market share. This price-led approach, while essential to maintain sales velocity, came at the cost of margin erosion and restrained overall profitability.

Strategic Reduction in Finance Costs

Finance costs, historically a major burden on liquidity, were successfully reduced by nearly 50% during the year under review. This significant decline was achieved through financial restructuring initiatives that included improved credit discipline, better use of financial instruments and optimised borrowing. The resulting savings had a direct positive impact on the company's cash flows, allowing more flexibility to reinvest in operations.

Inventory Optimisation Enhances Liquidity

A strategic pivot from traditional stockpiling to a lean, order-driven procurement model led to one of the most notable financial improvements of the year.

This shift translated into immediate liquidity improvements and freed up working capital. Improved efficiency in warehouse management improved the warehouse overhead cost. These optimisations not only eased pressure on cash flows but also streamlined internal operations and improved supply chain agility.

Reconfiguring Costing and Pricing Strategy

A key internal reform was the overhaul of the company's costing and pricing methodology. The forward-costing model allowed the marketing team to quote and secure orders ahead of raw material purchases, reducing the risk of post-sale losses even in the event of tea auction price increases.

Strengthening Working Capital and Cash Flow Position

Together, the initiatives around inventory management, pricing reform and financial restructuring had a compounding positive impact on the company's working capital position. The liquidity unlocked through reduced stockholding was channelled towards stabilising operations, improving vendor relationships, and reinforcing HVA's short-term solvency.

Continued Losses but Stronger Operating Base

While the company remained in a loss position at year-end, the extent of the deficit was substantially lower than the previous year. The results from the latter half of the financial year indicate a more stable and predictable operating rhythm, which is expected to carry forward into the next financial cycle.

Outlook

The financial outlook for FY 2025/26 is cautiously optimistic. HVA Foods plans to continue refining its cost structures, with additional emphasis on automation and digitisation to improve inventory control & facilitate tighter sourcing policies as well as improved control over operations with multiple approvals on key functions.

Procurement and production planning will remain closely aligned to demand signals to avoid overstocking and reduce working capital lock-up. The financial groundwork laid during the past year has provided a leaner, more responsive structure: one that can withstand pricing pressures, capture new export opportunities and build on HVA Foods' legacy of quality, reliability and customer trust.

REVIEW OF COMPANY OPERATIONS

The financial year 2024/25 marked a significant improvement for HVA Foods PLC when compared to the preceding year, both in terms of operational performance and financial outcomes. This positive turnaround can be attributed to a combination of internal process optimisation and adaptive responses to a challenging external environment.

Strengthening Internal Efficiencies

On the operational front, several internal reforms were undertaken to improve efficiency and enhance cost control. One of the key focus areas was the supply chain, where measures were introduced to streamline procurement mechanisms and tea buying procedures. These efforts were complemented by improvements in stock management, enabling more efficient cash outflows and tighter inventory control. Given the unique operating model of HVA Foods, which differs from the conventional tea exporter, the ability to respond with agility was critical. By redesigning internal workflows, refining procurement planning and adopting a demand-driven supply strategy, the company was able to exert greater control over its cost structures. These process improvements had a material impact on the bottom line, helping to mitigate margin pressures while positioning HVA for scalable future operations.

Navigating External Market Dynamics

Externally, HVA Foods' operational performance reflected the uneven macroeconomic climate across its key international markets. Notably, the company faced economic headwinds in Europe, where inflationary pressures, currency fluctuations and broader consumer demand slowdowns dampened order volumes. Europe remains a significant market for HVA Foods and these conditions had a discernible impact on overall export performance. However, this decline was successfully offset by stronger sales in other markets. HVA Foods responded swiftly by expanding its product range to existing clients and increasing the volume of shipments to other regions. These adjustments not only helped compensate for the dip in European sales but also unlocked new revenue streams. Meanwhile, other existing markets continued to contribute steadily, underscoring the resilience of the Company's diversified client base.

Challenges in Geopolitical and Trade Environments

The year under review was not without its external challenges. Global trade dynamics remained volatile, with some of HVA Foods' key tea-importing countries grappling with constraints, which limited HVA's ability to grow shipments to such markets, despite healthy demand from that region.

Moreover, the Red Sea shipping crisis and broader freight rate escalation significantly impacted profitability during the year. Elevated logistics costs, combined with the global increase in Ceylon Tea prices contributed to the loss of a few price-sensitive markets. These macro-level disruptions placed pressure on margins but were partially absorbed through cost savings from internal efficiencies.

Growing Presence in the Domestic Market

During the year, HVA also renewed its focus on the domestic market, which while still modest in contribution, showed encouraging signs of growth. The company concentrated its efforts on its iced tea concentrates range, which continues to gain popularity among local consumers. This strategic pivot allowed the company to establish a stronger presence in retail channels while maintaining a lean cost structure. Towards the latter part of the year, HVA Foods also ventured into a new business vertical: herbal infusions. This entry into herbal infusions marks a strategic diversification aligned with evolving global trends in health and wellness, and presents promising future growth potential.

Although global uncertainties and rising costs presented significant obstacles, HVA Foods' market agility and client-centric approach enabled it to sustain operations and lay the foundation for a more stable future.

SEGMENTAL PERFORMANCE ICED TEAS

Syrup-based iced tea products experienced notable growth in the domestic market. Although export volumes declined, local demand surged.

During the year, the company had improved visibility within prominent retail networks and this, combined with a heightened focus on availability over advertising, proved to be an effective strategy in capturing new consumers and regaining market share. HVA Foods' iced tea syrups range is positioned as a premium offering and expanding awareness around its uniqueness will be a key focus moving forward.

TEA BAGS

The tea bag segment primarily continued to serve export markets. Growth was recorded in some markets where HVA Foods introduced several new product variants under existing SKUs, contributing to increased order volumes.

An important trend in this category is the industry-wide shift towards stapler-free tea bags. HVA Foods proactively responded by adapting production to meet demand for these environmentally friendly formats.

The fourth quarter saw new herbal tea bags introduced, laying the groundwork for further expansion into value-added wellness products.

BULK TEA

HVA Foods classifies any product shipment above 10 kg as bulk tea. Performance in this category was mixed. From the European region, the company recorded a notable increase in order volumes. However, this growth was offset by a decline in bulk tea exports to Far Eastern markets.

The company remains selective in its bulk tea strategy, favouring profitability and long-term partnerships over volume. Despite fluctuating order patterns, the bulk segment remains an important revenue contributor and a stabilising force during times of volatility in smaller packaging formats.

TEA PACKS

The largest contributor to revenue during the year was the tea packs segment, which includes all products packed below 10 kg. These are primarily private-label products exported to a growing base of international clients. While many Sri Lankan tea exporters continue to struggle with value addition, HVA Foods' business model stands out for its high proportion of packed teas relative to bulk, underscoring its capability in advanced packaging and customised client solutions.

These developments underscore the effectiveness of HVA Foods' customer retention strategy and its commitment to supporting client growth, including marketing assistance where feasible.

This segment also benefited from new product lines such as herbal tea bags, which were introduced late in the financial year. While still small in scale, these innovations reflect the company's broader efforts to diversify product offerings and cater to evolving consumer preferences.

HERBAL INFUSIONS

The fourth quarter of the financial year saw the launch of a new herbal infusion business in partnership with Mueggenburg, a German herbal tea company. This initiative enhances HVA Foods' positioning as a supplier of ingredients for health and wellness products, a sector expected to see significant global growth in the coming years. The initial results from this venture have been encouraging and the company anticipates stronger uptake in the new financial year as awareness and distribution expand.

SPICES

The company's foray into the spices segment, which began two years ago, continued to gain traction in 2024/25. Though structured as a trading operation, the spice segment has proven to be a profitable addition to the product portfolio. The spice vertical allows HVA Foods to leverage its existing export infrastructure and client relationships, offering a natural extension to its core tea business. As demand for Ceylon spices continues to grow globally, the company will explore opportunities for greater value addition and direct branding in this segment.

Digitalisation

As part of HVA Foods' broader commitment to digital transformation, the company initiated the reimplementation of its ERP system during the year under review. This strategic move reflects intent to strengthen operational resilience, improve data accuracy and minimise manual intervention across key business processes. The reimplementation project is designed to streamline operations by integrating financial, procurement, production and inventory functions into a single, unified digital platform. Once fully deployed, it will allow for greater real-time visibility across the supply chain, enabling better planning, forecasting and decision-making.

Upon full integration of the new ERP system in the upcoming financial year, HVA Foods expects to see improvements in productivity, better resource allocation and greater agility in responding to market demands.

The investment in digital infrastructure is aligned with the company's long-term vision of becoming a tech-enabled, future-ready organisation.

Social & Environmental Responsibility

At HVA Foods PLC, we believe in integrating social value creation into our core business strategy, striving not only for commercial growth but also for meaningful community impact.

Although our primary focus during the financial year 2024/25 was on internal operational transformation, we remained committed to contributing to the welfare of our employees, their families, and the broader communities we engage with.

Supporting Employee Families Through Education:

In keeping with our long-standing tradition, we continued to support the children of our employees by providing their full annual requirements of school stationery and educational supplies. This initiative reflects our commitment to enhancing educational access and easing the financial burden on families within our workforce. By investing in education, we empower the next generation and reinforce the company's core value of inclusive growth.

Community Engagement Through Sports and Plantation Support:

During the final quarter of the year under review, HVA Foods extended its support to a sports event organised by a partnering plantation. This sponsorship fostered community engagement and wellbeing among estate workers and reinforced relationships with key stakeholders in the tea supply chain.

Laying the Groundwork for Larger CSR Initiatives:

While major CSR investments were limited in 2024/25 due to the focus on financial recovery and restructuring, groundwork was laid for more impactful initiatives planned for the upcoming year. Notably, HVA Foods is supporting a project benefiting school for the visually impaired.

Though this initiative formally commences in the 2025/26 financial year, planning and initial coordination activities were undertaken during the last quarter of 2024/25.

Responsible Sourcing and Environmental Accountability:

As a company engaged in the tea export value chain, it operates within a highly regulated ecosystem anchored to the Colombo Tea Auction system. All teas purchased are from factories certified to meet stringent quality, ethical and environmental standards, including ISO and Rainforest Alliance compliance. While CSR or environmental programmes of individual suppliers are not directly monitored, the company lays its trust in the systemic safeguards embedded in Sri Lanka's tea industry infrastructure. Furthermore, many plantations, especially those owned by public listed plantation companies, maintain their own extensive programmes for worker welfare, environmental sustainability and social development, areas that HVA Foods indirectly supports through its ongoing procurement relationships.

Strategic Priorities for FY 2025/26

The year ahead presents both opportunities and challenges as HVA Foods accelerates its journey of transformation and growth. Despite a challenging external environment marked by global economic uncertainties, volatile input prices and complex geopolitics affecting trade, HVA Foods PLC enters FY 2025/26 with renewed momentum. Following the successful implementation of key internal reforms in FY 2024/25, the company will focus on four core strategic pillars in the new financial year:

- **Scaling the Herbal Infusion Business**

The fourth quarter of the reporting year marked the commercial launch of HVA Foods' herb business in partnership with German supplier Mueggenburg. Under this initiative, a range of imported herbal ingredients are marketed to local tea exporters as inputs for value-added blends. This vertical is already showing signs of early profitability and offers strong potential for scale. In 2025/26, the company will allocate dedicated resources to expand market reach, strengthen supply chains and introduce new product categories within this space.

- **Expanding Local Market Presence for Iced Teas**

With distribution coverage optimised during 2024/25, the focus for the current year will shift towards building brand visibility and consumer engagement in the local iced tea syrup and concentrates market.

This highly profitable segment has already shown strong performance with expanded listings in leading supermarket chains.

As iced tea remains a relatively niche category in the Sri Lankan market, investments in brand education and retail promotion are expected to unlock significant upside.

- **Client Acquisition and Global Market Diversification**

While the company continues to maintain strong relationships with existing export clients, 2025/26 will prioritise new client acquisition. These efforts will be supported by a more agile costing and pricing structure introduced during the previous year, allowing for competitive tendering. In addition, HVA Foods will continue to support clients' marketing efforts to help them grow their respective markets and foster long-term loyalty while unlocking incremental volume growth.

- **Leveraging Operational Gains for Growth**

The internal changes implemented in FY 2024/25, including inventory optimisation, costing model adjustments and process digitisation, are beginning to generate tangible financial and operational benefits.

In 2025/26, HVA Foods will focus on consolidating these gains, applying lean management principles to further optimise cash flow, working capital and overhead control. As part of this approach, the company will continue evaluating opportunities for automation and process efficiency improvements across its supply chain and production environments.

RISK MANAGEMENT

HVA Foods PLC operates in a dynamic global marketplace where internal and external uncertainties pose evolving risks. In this context, risk management has become a cornerstone of sustainable operations and strategic resilience. Our approach to risk is not simply about mitigation but about proactive identification, forward planning and transforming risk into opportunity. We adopt a structured and integrated framework across all business functions to evaluate risks systematically, ensuring that potential threats to our financial stability, operational continuity, reputation and long-term sustainability are promptly addressed. The following outlines the principal risk categories we manage and the key measures taken to address them during the year under review.

Strategic Risk

HVA Foods' strategic risk exposure stems from both global macroeconomic uncertainties and industry-specific developments. Changes in global trade policies, shifting consumer preferences (especially toward health-conscious or ethically produced products) and competitor innovation can disrupt growth trajectories or render certain business models less viable. Reliance on a few key markets or product formats could also magnify this risk.

Mitigation:

We continuously evaluate and recalibrate our strategic focus through annual planning cycles and board-level engagement. Our commitment to market diversification, entry into new geographic regions, innovation in product formats and packaging and deeper consumer engagement supports long-term resilience. Strategic investments in R&D, brand-building and marketing intelligence enhance our ability to stay ahead of market shifts and customer expectations.

Operational Risk

Operational risk is inherent in our end-to-end tea value chain (from procurement and blending to packaging and distribution). Unforeseen disruptions in supply chains, labour shortages, machinery downtime or lapses in quality could result in lost sales, reputational damage or regulatory consequences. In the tea industry, quality and consistency are paramount.

Mitigation:

We have developed robust standard operating procedures (SOPs) for each operational process, supported by investments in modern machinery and automation to improve reliability. Our supplier base is carefully curated for consistency and quality assurance, while logistics are streamlined through strong third-party partnerships. Internal audits, traceability tools and a culture of continuous improvement ensure early detection and resolution of issues.

Financial Risk

HVA Foods' financial exposure is heightened by macroeconomic fluctuations in Sri Lanka and key export markets. Currency depreciation, interest rate shifts, inflation and tax policy changes (such as the withdrawal of the SVAT system) directly impact profitability, cash flows and overall financial health.

Mitigation:

Our finance team engages in rigorous forecasting and sensitivity analysis to understand the impact of financial variables. We utilise selective hedging for foreign exchange exposure, maintain strong banking relationships and adopt prudent working capital management. Changes in tax and fiscal policy are monitored closely, with compliance ensured through regular consultation with tax and legal advisors.

Regulatory & Compliance Risk

Tea exports are governed by a multitude of local and international regulations, including those related to food safety, labelling, organic certification and sustainability. Sudden regulatory changes or non-compliance can halt exports or lead to sanctions.

Mitigation:

HVA Foods compliance team works closely with industry regulators, the Tea Board and international certification bodies. We maintain all required certifications and conduct regular training to ensure awareness across the organisation. Our documentation and audit readiness ensure we can respond swiftly to new compliance requirements.

Reputational Risk

Brand equity and customer trust are critical to HVA Foods' success. Any breach in quality, unethical sourcing or customer dissatisfaction can lead to long-term damage to reputation.

Mitigation:

We uphold strict quality assurance protocols supported by international certifications (e.g., ISO, HACCP). Our marketing communications are grounded in transparency and authenticity. We closely monitor customer feedback and social media to address potential concerns in real-time. Ethical sourcing and sustainability remain integral to our brand philosophy.

Environmental & Climate Risk

As an agribusiness rooted in tea, HVA Foods is directly impacted by climate variability, including unpredictable rainfall, droughts and changes in temperature and soil conditions. This can reduce yield quality, availability of raw materials and increase operational costs. Meanwhile, global expectations around sustainable sourcing continue to rise.

Mitigation:

We work with estates and suppliers who follow climate-smart and sustainable agriculture practices. Internally, we adopt resource efficiency measures, sustainable packaging solutions and track our environmental footprint. Sustainability reporting helps benchmark progress and identify future risks.

Talent & Skills Risk

The tea industry requires specialised skills in areas such as tea tasting, auction participation and quality grading. A limited pipeline of skilled professionals and rising global demand for these capabilities increases competition for talent.

Mitigation:

HVA Foods places strong emphasis on technical training and upskilling. Our in-house training focuses on developing tea tasters, quality controllers and auction personnel. We collaborate with industry bodies and institutes to attract emerging talent and provide pathways for career growth within the organisation. Succession planning and competitive remuneration also support talent retention.

STRATEGIC FOCUS & FUTURE OUTLOOK

In an increasingly competitive and evolving global tea market, HVA Foods PLC is strategically positioning to drive sustainable growth, elevate its brand equity and unlock long-term value across diverse customer segments. With a renewed focus on innovation, agility and market intelligence, we are reimagining the future of tea – anchored in authenticity, quality and purpose. Our roadmap is defined by a multi-pronged strategy aimed at strengthening core capabilities, diversifying product portfolios, deepening global market penetration and embracing digital transformation. These initiatives are designed not only to respond to current challenges, but also to seize emerging opportunities and future-proof our business.

Innovation Through Product Diversification

As global tastes evolve and consumer preferences shift towards wellness and experience-led consumption, the company is expanding its offerings beyond traditional teas. We are developing a dynamic range of products, including herbal infusions, exotic blends and functional teas tailored to health-conscious lifestyles. By continuously innovating with ingredients, formats and flavour profiles, we aim to resonate with a broader and more discerning audience, while creating new consumption occasions and market relevance.

Reinventing Packaging and Brand Identity

Packaging today is more than just a vessel – it is a powerful brand statement. To that end, the company is investing in visually compelling, sustainable and user-friendly packaging solutions that reflect our premium positioning and commitment to the planet. Our brand refresh is geared towards communicating a strong narrative – one that celebrates our heritage, embraces sustainability and resonates emotionally with modern consumers worldwide. This strategic uplift will enhance shelf appeal and elevate our presence across both retail and digital touchpoints.

Assuring Consistent Product Excellence

Quality remains our non-negotiable hallmark. We are enhancing our quality management systems through rigorous end-to-end controls, from sourcing to final packaging. Advanced testing protocols, traceability mechanisms and supplier partnerships ensure consistency, safety and excellence at every stage. By delivering an uncompromising product standard, we aim to earn consumer trust, drive repeat business and cement our reputation in both mature and emerging markets.

Driving Sustainability and Ethical Value Creation

In line with global ESG trends and conscious consumerism, the company is deepening its commitment to sustainable and ethical sourcing practices. We are working toward increasing our footprint in organic and fair-trade certified teas, minimising our environmental impact and promoting circular packaging models. Beyond compliance, our sustainability agenda is now central to our brand promise: enabling us to connect with purpose-driven consumers while fostering positive social and environmental outcomes.

Building Strategic Trade Partnerships

To optimise our global distribution network and improve cost efficiencies, we are strengthening direct-to-market relationships with key international buyers, distributors and retailers. Reducing reliance on intermediaries allows us to exert greater control over pricing, positioning and promotion – resulting in enhanced margins and faster responsiveness to market changes. These strategic alliances are key to accelerating international expansion.

Leveraging Global Trade Platforms

As part of our brand-building and market expansion strategy, the company is committed to maintaining a strong presence at leading international trade exhibitions and B2B forums. These platforms serve as launchpads to showcase our innovation pipeline, connect with buyers, scout for emerging trends and gather actionable market insights. Such global visibility reinforces our positioning as a trusted, export-ready Sri Lankan tea brand.

Advancing Digital Commerce and Customer Engagement

In today's digitally driven economy, direct engagement with consumers is a strategic imperative. The company is enhancing its digital infrastructure to enable seamless e-commerce experiences through a revamped website and integrated logistics. Social media channels are being strategically leveraged for storytelling, community-building and targeted outreach. Data-driven digital marketing and CRM initiatives are being deployed to increase brand recall, improve retention and drive conversions across global online audiences.

Capitalising on Untapped and Emerging Markets

With the global tea market continuing to expand, the company is actively identifying high-growth territories across Asia, the Middle East and the West. Through robust market research, we are decoding local preferences, regulatory dynamics and competitive landscapes. These insights inform customised market entry strategies – ranging from product localisation and channel partnerships to brand activations – ensuring successful penetration and sustained growth in new regions.

Amplifying Brand Advocacy through Strategic Influencers

To strengthen brand credibility and visibility, HVA Foods PLC is exploring collaborations with respected tea sommeliers, wellness advocates and digital influencers. These partnerships lend authenticity, extend our reach into niche communities and enable experiential storytelling. In tandem, we are crafting premium consumer experiences such as curated tea subscriptions, virtual tastings and interactive educational content designed to build emotional resonance and long-term brand loyalty.

HR REVIEW

At HVA Foods PLC, our people continue to play a central role in shaping our performance, resilience, and long-term growth. In 2024/25, we pursued our transformation agenda with a renewed focus on digital integration, operational efficiency and product excellence – objectives made possible through the commitment and adaptability of our workforce. The company's human capital strategy during the year centred on building future-ready capabilities, safeguarding workplace harmony and ensuring that our employees remain aligned with the evolving needs of the business.

Organisational Structure and Workforce Stability

HVA Foods PLC entered the year with a leaner organisational model, aligned with the efficiencies gained through the reimplementation of SAP. As digital systems began replacing several manual and legacy processes, we strategically reviewed our workforce structure to ensure operational alignment and cost rationalisation. Reductions in headcount were managed exclusively through natural attrition, without any retrenchment or forced exits, ensuring the continuity of morale and industrial harmony. Throughout the transition, we ensured open channels of communication with all employees, offering clarity on role changes, departmental restructuring and the objectives of the transformation process. These efforts helped preserve employee confidence and supported a smooth shift toward a more agile operating model.

At the same time, we recognised the importance of filling critical leadership roles to drive governance and cross-functional accountability. During the year, we onboarded a new Head of Finance and Head of IT – both pivotal appointments that contributed to strengthening our financial controls and digital integration across the value chain.

Recruitment and Retention

The company's approach to recruitment in 2024/25 was both selective and strategic. While the overall hiring volume remained modest in line with our leaner structure, our focus was on quality over quantity – bringing in professionals with the experience and mindset to support a modernised, technology-driven organisation. We sought candidates with strong functional expertise, particularly in finance, ICT, export documentation and supply chain management. Each hire was evaluated not only for technical capability but also for alignment with HVA's core values of integrity, adaptability and innovation.

Employee retention remained strong throughout the year, driven by stable working conditions, fair remuneration practices and opportunities for growth through internal mobility. Transparent leadership engagement and a clear communication culture further contributed to building loyalty and sustaining industrial peace, with no reported disputes or disruptions during the period.

Diversity and Equal Opportunity

We remain firmly committed to promoting diversity, inclusion and equal opportunity across all levels of the organisation. HVA does not discriminate based on gender, ethnicity, religion, age or background in any aspect of employment, from recruitment to promotion. Women play an integral role across multiple departments, including quality assurance, operations, administration and finance. While we have made progress in fostering a gender-balanced workplace, we recognise the need for greater female representation in leadership positions. To this end, we are strengthening internal mobility pathways and mentorship opportunities to support career advancement for women.

Training and Skills Development

Learning and development during the year were shaped by our transition to a digitally empowered enterprise. Employees were actively involved in the SAP reimplementation project, with several team members receiving practical, hands-on exposure to key modules, systems workflows, and reporting dashboards. This immersive approach enabled critical users to gain deep understanding of how data-driven systems can streamline operations and enhance decision-making.

In addition to technology training, we recognised the vital importance of preserving and enhancing our domain-specific technical skills, particularly in the core areas of tea tasting, grading and auction-related processes. Our tea tasters and operational staff were engaged in continuous, experience-based training under the mentorship of seasoned industry professionals. This included palate refinement, aroma and flavour profiling and understanding the nuances of various Ceylon Tea origins and blends.

Auction orientation programmes were also facilitated for junior commercial staff, helping them develop a solid understanding of the Colombo Tea Auction mechanism, price formulation and market dynamics. These capacity-building efforts are essential to ensure the next generation of tea professionals are equipped to uphold HVA's reputation in international markets.

Looking ahead, we plan to expand our training scope with structured learning tracks on ISO 22000:2018 food safety protocols, export documentation standards and SAP user certifications. These initiatives will ensure our employees are not only proficient in daily operations but are also future-ready for the evolving regulatory and industry landscape.

Performance Culture and Employee Engagement

The year under review tested the adaptability and dedication of our team. Amid cost reforms, procurement process realignment and evolving customer demands, our employees consistently demonstrated resilience and accountability. Their willingness to collaborate across functions, embrace change and contribute to organisational goals was instrumental to our operational turnaround.

We continued to maintain a high degree of leadership visibility and direct employee engagement. Regular departmental meetings, feedback sessions and informal forums were used to capture employee insights, many of which informed the SAP rollout and costing reforms. This participatory approach enhanced trust and reinforced the value of internal knowledge-sharing.

Recognition also played a vital role in sustaining motivation. While formal performance reviews were conducted within each function, employees were also appreciated informally for exceptional effort and dedication during the year. Annual celebrations and team-building activities helped maintain morale and foster a strong sense of belonging within the organisation.

The physical and mental wellbeing of employees remained a priority for HVA throughout the financial year. The company continued to implement all mandated occupational health and safety protocols, while also promoting broader wellness through accessible and inclusive initiatives.

Employees benefited from free mid-day meals and complimentary HVA tea for home consumption, both of which fostered not only physical wellbeing but also a sense of pride in our products. Health check-ups and vaccination drives were carried out on-site to ensure preventive care and workplace hygiene. Mental health support was available through a confidential employee assistance programme, providing counselling services for personal and work-related concerns. We continued to promote a healthy work-life balance through flexible work arrangements, wherever operationally feasible.

Industrial harmony was maintained throughout the year, with no reported grievances or disruptions. Our proactive communication approach and respectful workplace practices contributed to preserving a stable and supportive work environment.

Outlook for 2025/26

As we enter a new phase of our growth journey, our human capital strategy will focus on building deeper technical capability, enhancing system fluency, and institutionalising performance frameworks. We will prioritise succession planning for critical roles, formalise our training architecture, and further strengthen our employee value proposition through targeted engagement and recognition.

HVA Foods PLC remains committed to nurturing a culture of continuous learning, inclusivity and accountability, ensuring that our people remain at the centre of our pursuit of operational excellence and brand leadership in global tea markets.

CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

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

COMPOSITION OF THE BOARD

The composition of the Board is governed by the Company's Articles of Association as well as the Listing Rules of the Colombo Stock Exchange. The Board comprises of six Directors who possess a broad range of skills and experience across a range of industries and functional areas. A detailed profile of each member of the Board appear on pages 15 and 17 of this Annual Report.

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

NON-EXECUTIVE DIRECTORS/ EXECUTIVE DIRECTORS

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

Messrs S U Dassanayake and C G Stork are Executive Directors.

INDEPENDENCE OF DIRECTORS

Independence of the Directors have been determined in accordance with the Continuing Listing Rules of the CSE and the 2 Independent Non-Executive Directors have submitted signed declarations of their independence.

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

Independence is determined against criteria as set out in the Listing Rules of the Colombo Stock Exchange and in compliance with schedule K of the CA Code 2017.

APPOINTMENT/RE-ELECTION/ RESIGNATION/RETIREMENT OF DIRECTORS

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER/ CHIEF OPERATING OFFICER

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

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

BOARD MEETINGS

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

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

BOARD SUB COMMITTEES

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

Current composition of Board Sub Committees is set out in the Annual Report of the Board of Directors appearing on pages 50 to 56 As required by the Listing Rules, the Report of the Audit Committee, the Report of the Remuneration Committee, the Related Party Transactions Review Committee Report and the Nominations and Governance Committee appear on pages 50 to 56 respectively.

MEETINGS OF BOARD SUB COMMITTEES

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

Audit Committee

The Board has established an Audit Committee comprising of three (03) Non-Executive Directors, two (02) of whom are Independent. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and the relevant regulations of the Colombo Stock Exchange.

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

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

Mrs. V S A Fernando - Non-Executive Director – Member

Messrs BDO Partners, Independent Auditors serve as the External Auditors of the Company. The External Auditors have not provided any non-audit related services to the Company during the year. The audit fees paid by the Company and Group to its auditors are separately classified in the Notes to the Financial Statements of the Annual Report.

The Report of the Audit Committee is appearing on page 50 to 51.

Remuneration Committee

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

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

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

Mrs. V S A Fernando - Non-Executive Director – Member

The Report of the Remuneration Committee is appearing on Page 52.

Related Party Transactions Review Committee

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

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

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

Mr. S A Ameresekere - Non-Executive Director - Member

The Report of the Related Party Transactions Review Committee is appearing on pages 53 to 54.

Nominations and Governance Committee

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

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

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

Mrs. V S A Fernando - Non-Executive Director – Member

The Report of the Nominations and Governance Committee is appearing on Pages 55 to 56

Attendance of Board/Sub Committee Meetings

Directors' attendance at such meetings appear below along with their attendance at sub-committee meetings.

Name of the Director	Directorship Status	Date of Appointment	Board Meetings	NGCMs	ACMs	RCMs	RPTRCMs
Mr. S P S Ranatunga (Chairman)	INED	17.04.2024	6/6	1/1	6/6	1/1	5/5
Mr. C G Stork (Chief Executive Director)	ED	01.04.2024	6/6				
Mr. S U Dassanayake (Chief Operating Officer)	ED	28.07.2023	6/6				
Mr. S A Ameresekere	NED	22.01.2021	6/6				5/5
Ms. V S A Fernando	NED	06.10.2003	5/6	1/1	5/6	1/1	
Mr. M P D Cooray	INED	22.01.2021	6/6	1/1	6/6	1/1	5/5

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

Other Directorships held by the Directors

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

No	Name of the Director	Total Directorships	Number of Board Seats held in Listed Companies including H V A Foods PLC		Number of Board Seats held in Unlisted Companies	
			Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
1	Mr. S P S Ranatunga (Chairman)	7	-	4	-	3
2	Mr. C G Stork (Chief Executive Director)	2	1	-	1	-
3	Mr. S U Dassanayake (Chief Operating Officer)	5	1	-	4	-
4	Mr. S A Ameresekere	44	1	4	2	37
5	Ms. V S A Fernando	39	-	3	10	26
6	Mr. M P D Cooray	16	-	6	3	7

* ED - Executive Director
* NED - Non-Executive Director
* INED - Independent Non-Executive Director

CORPORATE GOVERNANCE DISCLOSURES

The Board of Directors has taken all reasonable steps to ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the ICASL and other relevant requirements. The Company and its subsidiary are fully compliant with all the mandatory rules and regulations stipulated by the Corporate Governance Listing Rules published by the CSE (revised in 2023) and also by the Companies Act No. 07 of 2007.The Group has also given due consideration to the Best Practice on Corporate Governance Reporting guidelines jointly set out by the ICASL and the SEC and has voluntarily adopted the relevant provisions as far as is practicable.

DIRECTORS' REMUNERATION

Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practice. The Board approves remuneration for the Directors. Directors' remuneration is set out in Note 08 to the Financial Statements on page 86.

COMPANY SECRETARY

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

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

ADVICE AND GUIDANCE TO SENIOR MANAGEMENT

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

INTERNAL CONTROL

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

GOING CONCERN

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

FINANCIAL REPORTING

The Board aims to provide and present a balanced assessment of the Company's position and prospects in compliance with the Sri Lanka Accounting Standards (LKAS / SLFRS) and the relevant Statutes and has established formal and transparent processes for financial reporting and internal controls. The Statement of Directors' Responsibilities for the Financial Reporting is given on page 122 of this Report.

CORPORATE DISCLOSURES AND SHAREHOLDER RELATIONSHIP

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

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

COMPLIANCE

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

By Order of the Board
H V A Foods PLC

P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

28th August 2025

STATEMENT OF COMPLIANCE

The Board of Directors declares that the Company, including the Board of Directors, the Management and employees, are confident of their compliance with the principles of good governance as set out by the regulatory frameworks applicable to the Company, i.e., the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange and all other applicable regulations.

Appendix I: Statement of Compliance under the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
A. DIRECTORS			
A. 1 The Board			
A. 1.1	Board Meetings	Board Meetings are held quarterly, or more often when required, to ensure the effective discharge of its duties and any other matter directed to the Board which can be resolved by circular resolution, is decided by Resolutions in writing. The Board met 6 times during the period under review. The attendance at Board Meeting held is set out on page 30 of the Annual Report.	Complied
A. 1.2	Role of the Board	• Focus in on developing strategies for business development and to provide guidance to the management. • Sets the budget for the financial year and reviews progress at the monthly meetings. • Approving of major capital expenditure. • Ensures that effective internal control and risk management framework is in place.	Complied
A. 1.3	Compliance with laws and access to independent professional advice	The Board collectively and individually recognises their duty to comply with laws of the country which are applicable to the company. Further the Board is always mindful of the new laws/regulations which are implemented and ensures compliance with the same.	Complied
A. 1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	All directors have access to the advice of the Company Secretary.	Complied
A. 1.5	Independent judgment of the Directors	Board comprises of independent professionals who in turn exercise independent judgement in discharging their duties.	Complied

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
A. 1.6	Dedicating adequate time and effort	All directors dedicate adequate time and effort to fulfil their duties as directors of the company, in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.	Complied
A. 1.7	Calls for resolutions	Any director can call for a resolution to be presented to the board where they feel it is in the best interest of the company.	Complied
A. 1.8	Training of Directors	The Board regularly reviews and agrees on the training and development needs of the Board members, to ensure Directors are capable to make appropriate decisions with regard to the current and future performance of the business.	Complied
A. 2	Division of Responsibilities of the Chairman & the CEO	The positions and the functions of the Chairman and the CEO, have been separated. The role of the CEO is to manage the day-to-day running of the company and the Chairman has the authority over the Board proceedings.	Complied
A. 3	Role of the Chairman	The Chairman provides leadership to the Board, controls and preserves order at Board meetings and provides the Board with strategic direction and guidance in maintaining the affairs of the company.	Complied
A. 4	Financial Acumen	The Board includes one senior Chartered Accountant and he serves as the Chairman of the Audit Committee.	Complied
A. 5 Board Balance			
A. 5.1/A. 5.2/ A. 5.3 & A. 5.5	Presence of Non-Executive Directors Independence of Non-Executive Directors	The Board consist of 06 directors Comprising of 02 Executive Directors and 04 Non-Executive Directors, 02 of whom are Independent Directors.	Complied
A. 5.4	Annual Declaration of Independence by the Non-Executive Directors	An annual declaration of independency made by all directors.	Complied
A. 5.6	Alternate Director to a Non-Executive Director	No alternate directors appointed by any of the directors.	Not applicable
A. 5.7 /5.8	Senior Independent Director	There is no requirement to have a Senior Independent Director.	Not applicable
A. 5.9	Chairman meeting with the Non-Executive Directors	The chairman holds meetings with Non-Executive directors without the presence of Executive directors as necessary and at least once a year.	Complied

STATEMENT OF COMPLIANCE

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
A. 5.10	Recording concerns	Concerns of directors are recorded in minutes even in the case of disagreement.	Complied
A.6 Supply of Information			
A. 6.1	Obligation of the Management to provide appropriate and timely information	The Board is provided with timely and appropriate information by the management; at least one week in advance for the meetings, by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all directors were properly briefed on issues arising at Board meetings.	Complied
A. 6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are provided one week prior to the Board meeting.	Complied
A.7 Appointments to the Board			
A. 7.1 / A .7.2	Nomination Committee and the assessment of composition of the Board	A Nominations & Governance Committee has been established by the Company as of 1st October 2024. During the period the committee critically evaluated the "quality" of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it posses as a whole in order to meet strategic demand facing the Company.	Complied
A. 7.3 / A. 7.10.3 (d)	Disclosure of Appointment of a New Director	A brief resume of the director, nature of his / her experience and names of the companies he/she holds the directorship and the independence is informed to the CSE and disclosed in the Annual Report on pages 15 to 17.	Complied
A.8 Re-election			
A. 8.1 / A. 8.2	Re-election	At each AGM one Non-Executive director presents himself/ herself for re-election. Newly appointed directors are re-elected at the 1st AGM following their appointment.	Complied
A. 8.3	Resignation	Directors who resigned prior to his / her appointed term, provided a written communication to the Board of his / her reasons for resignation.	Complied
A.9 Appraisal of Board Performance			
A. 9.1/ A. 9.2/ A. 9.3/ A. 9.4	Appraisals of the Board and the sub committees	The Board undertakes an annual self-evaluation of it's own performance and of it's committees.	Complied

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
A.10 Disclosure of Information in Respect of Directors			
A. 10.1	Profiles of the Board of Directors and other related information	The following details pertaining to each director are disclosed as follows. (a) Brief profile with expertise and experience – pages 15 to 17 (b) Directors' interests in contracts – page 123 (c) Attendance at Board Meetings and Committee Meetings held during the year – page 30	Complied
A.11 Appraisal of Chief Executive Officer			
A. 11.1 / A. 11.2	Setting of the annual targets and the appraisal of the CEO	Prior to the commencement of each financial year, the Board sets reasonable financial and non-financial targets which are in line with short, medium and long term objectives of the Company, achievement of which should be ensured by the CEO. The performance of the CEO is evaluated by the Board each quarter and at the end of each fiscal year in order to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstance.	Complied
B. DIRECTORS' REMUNERATION			
B. 1 Remuneration Procedure			
B. 1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Report of the Remuneration Committee on page 52	Complied
B. 1.2	Remuneration Committee to consist of Non-Executive Directors only	The Remuneration Committee comprise of Non-executive directors only.	Complied
B. 1.3	List names of Remuneration Committee in Annual Report	Composition of the Remuneration Committee has been given under the Remuneration Committee. Refer page 52 of the Annual Report.	Complied
B. 1.4 7.10.5(b)	Determination of the remuneration of the Non-Executive Directors	Remuneration for Non-Executive directors reflects the time commitment and responsibilities of their role, taking in to consideration market practices.	Complied
B. 1.5	Consultation with the Chairman and the CEO	The Chairman and the CEO are consulted when determining the remuneration to be paid to the Executive Directors and Management, respectively.	Complied

STATEMENT OF COMPLIANCE

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
B. 2 The Level & Makeup of Remuneration			
B. 2.1/ B. 2.2/ B. 2.3/ B. 2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards and annual performance approved.	Complied
B. 2.5	Performance based remuneration	Part of the remuneration package of the Executive Directors is linked to achievement of targets and individual performance.	Complied
B. 2.6	Executive share options		Not applicable
B. 2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 52.	Complied
B. 2.8/ B. 2.9	Early Termination of Directors	There is no compensation for early termination of Non-Executive Directors.	Complied
B. 3 Disclosure of Remuneration			
B. 3.1	Disclosure of Remuneration	Please refer page 86 for total Directors' remuneration. A Report of the Remuneration Committee is included in page 52 of the Annual Report.	Complied
C. RELATIONS WITH SHAREHOLDERS			
C.1 Constructive use of AGM and Conduct of Meetings			
C. 1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders 15 working days prior to the meeting as required by the Companies Act No: 07 of 2007 and the Articles of Association of the Company.	Complied
C. 1.2	Separate resolution for substantially separate issues	The Company propose a separate resolution at the AGM on each substantially separate issues.	Complied
C. 1.3	Accurate recording and counting valid proxy appointments received for general meeting	The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it had been dealt with a show of hands, except where a poll is called.	Complied
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	Complied
C. 1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	Complied

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
C.2 Communications with shareholders			
C. 2.1 to C. 2.7	Communications with Shareholders	The AGM and EGM (if any) are used as the method for communicating with the shareholders. Further, financials and other announcements are promptly submitted to CSE to publish on the CSE website. The Company has established a comprehensive Policy on Relations with Shareholders and Investors.	Complied
C.3 Major & Material Transactions			
C. 3.1 & C. 3.2	Disclosure of Major Transactions	The Company disclosed details of the major and material transactions of the Company to it's shareholders through financial and other announcements submitted to the CSE.	Complied
D. Accountability & Audit			
D. 1.1	Annual Report	Refer Accountability & Audit on page 57 to 62 on Annual Report of the Board of Directors on Affairs on the Company.	Complied
D. 1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; • Companies Act No. 07 of 2007 • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.	
D. 1.3	CEO/CFO Declaration	The Statement of Financials contains a declaration by the Chairman & Managing Director and the Finance Manager.	
D. 1.4	Directors' Report declarations	The Directors have made all required declarations in the "Annual Report of the Board of Directors", that appears on the pages 57 to 62 of the Annual Report.	
D. 1.5	Statements on responsibilities for preparation of financial statements and internal control	The Statement of Directors Responsibilities is given on page 122 and the Auditor's Report is given on pages 64 to 68.	
D. 1.6	Management discussion & analysis	The Management Discussion and Analysis is given on pages 18 to 23.	

STATEMENT OF COMPLIANCE

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
D. 1.7	Serious loss of capital	The company has held an EGM in 2019 and declared the position on serious loss of capital of the company and passed an unanimous resolution of the shareholders and a further unanimous resolution of the shareholders was passed during the AGM held in 2024 regarding the present position on the serious loss of capital of the company.	
D. 1.8	Related Party transactions	Refer the Related Party Transactions Review Committee on page 53 to 54.	
D.2 Risk Management & Internal Control			
D. 2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: • Risk Report on page 24 • Risk & Internal Control on page 61 • Directors' Statement on Internal Controls on page 61 • Audit Committee Report on pages 50 to 51	Complied
D. 2.2	Confirm assessment of the principal risks of the company	Refer Risk Management on declarations on page 24.	Complied
D. 2.3	Internal Audit	Refer page 51 on Audit Committee Report.	Complied
D. 2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures	Refer pages 50 to 51 on Audit Committee Report.	Complied
D. 2.5	Compliance with Directors' responsibilities as set out by the Code	Refer page 122 on Statement of Directors' Responsibilities.	Complied
D. 3.1	Establish an Audit Committee comprising three directors of which at least 2 must be independent	The Audit Committee comprise of 03 directors and out of which 02 directors are independent. Refer Report on Audit Committee on pages 50 to 51.	Complied
D. 3.2	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarised in the Audit Committee Report on pages 50 to 51.	Complied
D. 3.3	Disclosures	The Audit Committee Report with required disclosures are given on pages 50 to 51.	Complied
D.4 Related Party Transactions Review Committee			
D.4.1/D.4.2/ D.4.3/9.3.2	Related Party Transactions Review Committee	The Related Party Transactions Review Committee is comprised of 03 Non-Executive Directors out of which 02 are Independent Directors. Refer pages 53 to 54 For Report on Related Party Transactions Review Committee.	Complied

Reference to ICASL Code & CSE Rules	Corporate Governance Principle	The Company's extent of compliance	Compliance Status
D.5 Code of Business Conduct & Ethics			
D. 5.1	Board declaration for compliance with Code	Refer page 122 on Statement of Directors' Responsibilities.	Complied
D. 5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.	Complied
D. 5.3	Monitor Share purchase by Directors/ KMPs	Refer the Related Party Transactions Committee Report on pages 53 to 54.	Complied
D. 5.4	Chairman's statement	Refer pages 11 to 14 on Chairman's Message.	Complied
D. 6	Corporate Governance disclosures	The Corporate Governance Report on pages 28 and 31 together with its Annexes comply with this requirement.	Complied
E. Institutional Investors			
E. 1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	Complied
E. 2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	Complied
F. Other Investors			
F. 1	Investing and divesting decision	We seek to provide sufficient information to investors through the annual report, quarterly financial statements and announcements to the CSE to assist investors with their investment and divestment decision.	Complied
F. 2	Encouraging shareholder participation	Refer Investor Information on pages 123 and 124	Complied
G. Internet of Things and Cyber Security		The group implemented a comprehensive IT policy which covers the security of IT assets and the information assets.	Complied
H. Sustainability : ESG Risk and opportunity			
I. Establishment and maintenance of policy			Complied

STATEMENT OF COMPLIANCE

Appendix II: Statement of Compliance pertaining to Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof	Yes	Who we are	04 to 05
168 (1) (b)	Signed Financial Statements of the Group and the Company	Yes	Financial Statements	69 to 72
168(1) (c)	Auditors' Report on Financial Statements	Yes	Independent Auditor's Report	64 to 68
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 1 to 4 the Financial Statements	73 to 85
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	57 to 62
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Note 8 to the Financial Statements & Key management personnel note 36.2.1	116
168 (1) (g)	Corporate donations made by the Company	Yes	Annual Report of the Board of Directors on the Affairs of the Company	57 to 62
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors on the Affairs of the Company	86 to 87
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 8 the Financial Statements	86
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Audit Committee Report	50 to 51
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors on the Affairs of the Company	57 to 62

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

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of Directors on the Affairs of the Company	57 to 62
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	Annual Report of Directors on the Affairs of the Company	57 to 62
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Investor Information	123 to 124

Rule	Requirement	Complied	Reference (within the Report)	Page
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Investor Information	123 to 124
(v)	A statement of each Director's holding in shares of the entity at the beginning and end of each financial year.	Yes	Investor Information	123 to 124
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	24
vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Capital	26 and 27
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Note 12.8 to the Financial Statements	91
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 23 to the Financial Statements	98
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Investor Information	123 to 124
(xi)	Financial ratios and market price information.	Yes	Five year summary & Investor Information	125
(xii)	Significant changes in the Company'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 12.8 - Property, plant and Equipment to the Financial Statements	91
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Annual Report of Directors on the Affairs of the Company	57 to 62
(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	28 to 31
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Not Applicable	Related Party Transactions Review Committee Report	53 to 54

STATEMENT OF COMPLIANCE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES OF COLOMBO STOCK EXCHANGE

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

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Commitment to corporate governance rules of the CSE is detailed herein.	1st October 2023	Compliant
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.	The Company has established and continues to maintain the policies listed below; 1.Policy on Anti – Bribery and Corruption 2.Policy on Internal Code of Business conduct and Ethics 3.Policy on Board Committees 4.Policy on Remuneration 5.Risk Management & Internal Control Policy 6.Environment, Social & Governance Policy 7.Policy on Whistleblowing 8.Policy on Matters Relating to the Board of Directors 9.Policy on Relations with Shareholders and Investors 10.Policy on Corporate Governance, Nominations and Re-election 11.Policy on Corporate Disclosures 12.Policy on Control and Management of Company Assets and Shareholder investments The Company has published the policies on the Company Website https://www.heladiv.com/policies	1st October 2024	Compliant

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.3.1 and 9.3.2	Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	The Board appointed, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee and Nominations and Governance Committee are functioning effectively.	1st October 2024	Compliant
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Chairperson of the Company does not serve as the Chairman of any of the statutory board subcommittees.	1st October 2024	Compliant
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the CSE and/ or the SEC.	Records of all shareholder meetings are maintained manually / electronically by the Company Secretary. Copies of these records would be made available to CSE/SEC upon request.	1st October 2023	Compliant
9.4.2	Communication and relations with shareholders and investors.	Company has an on-going process to communicate with shareholders and investors. Shareholders are encouraged to raise their concerns at shareholders meetings. Annual Report provides pertinent information of the company and future outlook of the Company. The Head of Finance is entrusted to communicate with shareholders on matters concerning them. The details of the designated contact person are presented on page 59 of this report.	1st October 2023	Compliant

STATEMENT OF COMPLIANCE

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors.	The formal Policy on matters related to the Board of Directors have been implemented.	1st October 2023	Compliant
9.6	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Chairman of the Company is a Non-Executive Director. Roles of the Chairman and the Chief Executive Officer are held by two different persons.	1st October 2023	Compliant
9.6.3	The Company shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	The company does not have a Senior Independent Director, since the Chairperson and the CEO are two different individuals.	1st October 2023	Compliant
9.7	Fitness of Directors and CEOs as per the criteria set out in the regulations.	All the Directors and the CEO have submitted written declarations confirming that they are complied with the fit and proper criteria set out in the regulations to hold their respective positions in the Company.	1st April 2024	Compliant
9.8	Board Composition - Minimum of 5 Directors - Minimum 2 or 1/3 of the directors whichever is high shall be independent directors.	Currently the Board consists of six (6) directors, two (2) of whom are independent non-executive directors. The two (2) Independent Non-Executive Directors have submitted their annual declarations confirming their independence.	1st October 2024	Compliant
9.9	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	The Board does not have any alternate directors.	1st January 2024	Compliant

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.10.1	Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold.	Company Policy on maximum number of Directorships which a Director can hold in listed companies is ten (10).	1st October 2024	Compliant
9.10.2	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board Sub Committees, make an immediate Market Announcement in a manner set out in the regulation.	As and when there is a new appointment to the Board an immediate market announcement is made in compliance with Rule 9.10.2.	1st October 2023	Compliant
9.11	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board and have a written Terms of Reference.	The Company has a Nominations and Governance Committee.		Compliant
9.12	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference.	There is a Remuneration Committee in place with a written Terms of Reference.	1st October 2023	Compliant
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.	There is a Remuneration Policy for the remuneration of Executive Directors'. Directors' fees paid to the Non-Executive Directors are recommended to the Board by the Remuneration Committee. In determining the Board fees paid to Non-Executive Directors, the Remuneration Committee considers current market rates and the extent of contribution by each board member at board level	1st October 2023	Compliant
9.12.6	Functions and Composition of the Remuneration Committee -Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent - Not consist of Executive Directors - Chairperson to be an Independent Director.	The Remuneration Committee comprises of three (03) non-executive directors, two (02) of whom are Independent. Remuneration Committee Report provides required disclosures to this Annual Report.	1st October 2024	Compliant

STATEMENT OF COMPLIANCE

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.1 and 9.13.2	Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Currently there is no separate risk committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.	1st October 2023	Compliant
9.13.3	The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors	The Audit Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent. No Executive Directors are on the Audit Committee.	1st October 2024	Compliant
	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent Directors.	The attendance at the Audit Committee Meetings is given on pages 50 to 51 of the Annual Report.		
	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Audit Committee meet at least once a quarter. There were 06 Audit Committee meetings held during the financial year ended 31st March 2025. The attendance at the Audit Committee Meeting is given on pages 50 to 51 of the Annual Report.		
	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Chairman of the Audit Committee is an independent Non Executive Director of the Board.		
	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	CEO, COO and the Head of Finance attend the Audit Committee meetings by invitation.		
	The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	The Chairperson of the Audit Committee is a Member of Institute of Chartered Accountants of Sri Lanka.		

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Functions of the Audit Committee during the financial year and the Annual Report Disclosures are given in the Report of the Audit Committee on pages 50 to 51.	1st October 2024	Compliant
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	Related Party Transactions Review Committee is in place.	1st October 2023	Compliant
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.	The Related Party Transactions Review Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent. An independent non executive director is the Chairman of the Related Party Transactions Review Committee.	1st April 2024	Compliant
9.14.4	The Related Party Transactions Review Committee shall meet at least once a calendar quarter.	The Related Party Transactions Review Committee meet at least once a quarter. There were 05 Related Party Transactions Review Committee meetings held during the financial year ended 31st March 2025. The attendance at the Related Party Transactions Review Committee is given on page 53 of the Annual report.	1st October 2023	Compliant
	Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.	Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.		
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice.	Committee seeks expertise and professional knowledge on matters need technical assistance.		

STATEMENT OF COMPLIANCE

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
	Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Please refer note 36.3.1 Transactions with	1st October 2023	Compliant
	Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.	Directors of the RPTRC are aware of their obligations		
9.14.5	The Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	1st October 2023	Compliant
	In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) such proposed material changes shall also be reviewed by the RPTRC prior to the completion of the transaction.	Such instances did not occur during the financial year.		
	The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT.	Management is conversant with their responsibility to furnish required facts and information necessary to review a RPT.		
	Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT.	Directors are fully aware of their obligations in respect of conflict of interest.		
	If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.	Related Party Transactions Review Committee has already set out guidelines deemed necessary for ongoing RPT (if any) after assessing the nature of such transactions.		

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.6	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	During the year, there were no recurrent or non recurrent RPTs that required shareholders' approval by way of a special resolution.	1st October 2023	Compliant

Additional disclosures by the Board of Directors in terms of Rule 9.16 of the Listing Rules

(i) We have declared all material interests in contracts involving in the Company and we have refrained from voting on matters in which we were materially interested;

(ii) We have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of our effectiveness and successful adherence therewith

(iii) We made arrangements to make ourselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

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

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

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

COMPOSITION OF THE AUDIT COMMITTEE

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

The composition of the Committee since 17th April 2024 is as follows:

Mr. M P D Cooray -
Independent Non-Executive Director – Chairman of the Committee

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

Ms. V S A Fernando -
Non-Executive Director – Member

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

The Chief Executive Officer, Chief Operating Officer and the Head of Finance also attended to meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

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

MEETINGS

The Committee met six times during the year.

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

Name of the Director	2024				2025		Meetings Attended
	20.05.2024	08.08.2024	30.08.2024	30.09.2024	06.11.2024	10.02.2025	
Mr. M P D Cooray	√	√	√	√	√	√	6/6
Mr. S P S Ranatunga	√	√	√	√	√	√	6/6
Ms. V S A Fernando	EX	√	√	√	√	√	5/6

FUNCTIONS PERFORMED BY THE AUDIT COMMITTEE

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

FINANCIAL REPORTING

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

OPERATIONS OF THE AUDIT COMMITTEE

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

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

The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense. The Committee met six times during the financial year ended 31st March 2025.

EXTERNAL AUDITORS

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

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

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

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

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

INDEPENDENCE OF AUDITORS

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

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

RE-APPOINTMENT OF AUDITORS

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31st March 2026, subject to the approval of the shareholders at the next Annual General Meeting.

CONCLUSION

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

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

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

Mr. M P D Cooray
Chairman - Audit Committee

28th August 2025
Colombo

REMUNERATION COMMITTEE REPORT

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

The composition of the Committee since 30th September 2024 is as follows:

Mr. S P S Ranatunga	-	Independent Non-Executive Director - Chairman of the Committee
Mr. M P D Cooray	-	Independent Non-Executive Director - Member
Ms. V S A Fernando	-	Non-Executive Director - Member

MEETINGS

The Committee met One time during the year.

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

Name of the Member	2024 30.09.2024	Meetings Attended
Mr. S P S Ranatunga	√	1/1
Mr. M P D Cooray	√	1/1
Ms. V S A Fernando	√	1/1

The Chief Executive Officer, Chief Operating Officer and the Head of Finance also attended to meetings by invitation. The Company Secretary functions as the Secretary to the Committee.

SUCCESSION PLANNING AND TALENT MANAGEMENT

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

REMUNERATION POLICY

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

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

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

SCOPE

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

Mr. S P S Ranatunga
Chairman - Remuneration Committee

28th August 2025
Colombo

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

PURPOSE/ OBJECTIVES OF THE COMMITTEE

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

COMPOSITION OF THE COMMITTEE

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

The composition of the Committee since 17th April 2024 is as follows:

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

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

Mr. S A Ameresekere - Non-Executive Director

The Chief Executive Officer, Chief Operating Officer and the Head of Finance attend meetings by invitations and Company Secretary functions as the Secretary to the Committee.

MEETINGS

The Committee met Five times during the year.

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

Name of the Director	2024				2025	Meetings Attended
	20.05.2024	26.06.2024	08.08.2024	06.11.2024	10.02.2025	
Mr. M P D Cooray	√	√	√	√	√	5/5
Mr. S P S Ranatunga	√	√	√	√	√	5/5
Mr. S A Ameresekere	√	√	√	√	√	5/5

RELATED PARTY TRANSACTIONS DURING THE YEAR UNDER REVIEW

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

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

All recurrent Related Party Transactions of the Company during the financial year 2024/25 were reviewed and approved by the Committee. The aggregate value of the recurrent related party transactions did not exceed 10% of the gross revenue/ income as per the latest Audited Financial Statements of 31st March 2024, which requires additional disclosures in the Annual Report 2024/25 in terms of Section 9.14.8(2) and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act of the Listing Rules of the Colombo Stock Exchange.

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

There were no non-recurrent Related Party Transactions of which the aggregate value exceeds 10% of equity or 5% of total assets in the latest Audited Financial Statements of 31st March 2024,which requires additional disclosures in the Annual Report 2024/25 in terms of Rule 9.14.8(1) and Code of Best Practises on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c)of the Securities and Exchange Commission Act of the Listing Rules of the Colombo Stock Exchange.

The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party transactions entered during the Financial Year ended 31st March 2025.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

RESPONSIBILITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

KEY MANAGEMENT PERSONNEL

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

COMMITTEE EVALUATION

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

DECLARATION

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on pages 117 to 119 of the Annual Report.

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

28th August 2025
Colombo

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee ("the Committee") of the Company was established 30/09/2024. The Committee is appointed by and is responsible to the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director. The Members who served on the Committee during the Financial Year 2024/25 are as follows:

Mr. M P D Cooray- Independent Non-executive Director - Chairman of the Committee

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

Mr. S A Ameresekere - Non-Executive Director

* Independent Non-Executive Director
** Non-Executive Director

Member's Attendance at the Nominations and Governance Committee Meetings from 01.04.2024 to 31.03.2025 is as follows:

Name of the Member	2024 07.07.2024	Meetings Attended
Mr. M P D Cooray	√	1/1
Mr. S P S Ranatunga	√	1/1
Ms. V S A Fernando	√	1/1

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.

PW Corporates (Private) Limited, the Secretaries of the Company, acts as the Secretary to the Committee.

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

1. The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
2. Consider and recommend (or not recommend) the re- election of current Directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
3. Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
4. Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
5. Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors of the Company to ensure their responsibilities are satisfactorily discharged.
6. Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
7. Develop succession plans for the Board of Directors and Key Management Personnel.
8. Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
9. Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

DISCLOSURE OF ACTIVITIES

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Chief Executive Officer. Special Board meetings are called if the need arises, to discuss any

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

important or critical matters. No such special meetings were held during the financial year.

Newly appointed Directors were given an induction to the Company and the orientation programme includes inviting the Directors to the manufacturing facilities to gain an understanding of the operations of the Company. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non-Executive Directors have submitted declarations regarding their independence / non-independence. The fitness and proprietary of the Directors were examined. All Independent Directors of the Company meet the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

The Company has adopted the following policies, with effect from 01/10/2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange:

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

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

RE-APPOINTMENTS / RE-ELECTIONS

One Third (1/3) of all the Directors, except those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect S.A. Ameresekere as a Director at the Annual General Meeting to be held on 30/09/2025, based on their performance and the contribution made to achieve the objectives of the Board.

S.A. Ameresekere, Non-Executive Director, was appointed to the Board in 22/01/2021, and was last re-appointed as a Director in 28/09/2022. His Directorships and other principal commitments are given in the profile on page 17. He serves on the Related Party Transactions Review Committee of the Company.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Company is committed to ensuring Board diversity by bringing a wide range of experience and skills to the Board. Age and gender diversity have been essential factors contributing to the effective performance of the Company's Board.

The Corporate Governance requirements stipulated under the Listing Rules are met by the Company and details are given on pages 28 to 31 of this Report.

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

28th August 2025

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

The Board of Directors of H V A Foods PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the financial year ended 31st March 2025, conforming to all relevant statutory requirements.

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

GENERAL

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

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

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

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

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

The Company recorded a revenue of Rs. 1.836 Bn as against the Rs. 1.842 Bn achieved in the previous year. The Company's gross profit margin Decreased to 9% compared to the level of 14% in the previous year.

Administration expenses have decreased by 43% in comparison to the previous year. Reported loss before tax was Rs. 139.5 Mn and the effect of relevant tax expenses for the period amounted to Rs. 0.25 Mn.

After all the aforementioned expenses and charges, the Company recorded an after-tax loss of Rs. 139.8 Mn and a negative comprehensive income of Rs. 139.83 Mn during the year. Statement of Comprehensive Income of the Company are set out on page 69 of the Annual Report.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company and Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board are given on pages 69 to 72 .

AUDITORS' REPORT

The Report of the Auditors on the Financial Statements of the Company and its subsidiaries is given on pages 64 to 68 as required by Section 168 (1) (c) of the Companies Act No. 07 of 2007.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 73 to 85 and re-consistent with those of the previous period.

DIRECTORS' RESPONSIBILITIES ON FINANCIAL REPORTING

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

The Statement of Directors' Responsibilities on Financial Reporting is given on page 122.

DIRECTORS

As at end of the financial year under review, the Board consisted of six Directors namely, two Executive Directors and four Non-Executive Directors, two (02) of whom are Independent.

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 15 to 17.

Executive Director

Mr. C G Stork - Chief Executive Officer

Mr. S U Dassanayake - Chief Operating Officer

Non-Executive Director

Ms. V S A Fernando

Mr. S A Ameresekere

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

Independent Non-Executive Directors

Mr. S P S Ranatunga - Chairman

Mr. M P D Cooray

CHANGES IN THE DIRECTORATE OF THE COMPANY AFTER THE REPORTING PERIOD

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

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

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

DIRECTORS OF THE SUBSIDIARY

The directors of the subsidiary, H V A Holdings (Private) Limited as at 31st March 2025 consisted of the following:

Ms. V S A Fernando

Mr. S A Ameresekere

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

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2025 was Rs.954,965,559/- representing 244,526,188 ordinary shares (Rs.582,965,063/- representing 116,250,155 ordinary shares as at 31st March 2024).

Name of the Director	No. of shares as at 31.03.2025	No. of shares as at 31.03.2024
Mr. S P S Ranatunga	Nil	N/A
Mr. C G Stork	Nil	N/A
Mr. S U Dassanayake	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Ms. V S A Fernando	Nil	Nil
Mr. M P D Cooray	Nil	Nil

DIRECTORS INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS AND INTEREST REGISTER

All related entries were made in the Interests Register during the year. The share ownership of Directors is disclosed on page 123.

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

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

DIRECTORS' REMUNERATION

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

The Directors' Remuneration is disclosed under Key Management Personnel compensation in Note 08 to the Financial Statements on page 86.

DONATIONS

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

CORPORATE GOVERNANCE

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

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

The Corporate Governance Statement on pages 28 to 31 explains the measures adopted by the Company during the year.

POLICIES IN TERMS OF RULE 9.2 OF THE LISTING RULES

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

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

b) Policy on Board Committees

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

d) Policy on Remuneration

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

f) Policy on Risk Management and Internal controls.

g) Policy on Relations with Shareholders and Investors.

h) Policy on Environmental, Social and Governance Sustainability.

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

j) Policy on Corporate Disclosures

k) Policy on Whistleblowing

l) Policy on Anti-Bribery and Corruption

There were no significant changes to the above policies adopted by the Company during the year under review.

FIT AND PROPER ASSESSMENT OF DIRECTORS

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

INDEPENDENCE OF DIRECTORS

The Board, based on the Declarations submitted by the Independent Directors declaring his/her independence against the criteria specified in Rule 9.8.3 of the Listing Rules and such other information available to the Board that could reasonably be constructed to have a bearing on the independence of such Directors, determined that the Two (2) Independent Directors namely Messrs S P S Ranatunga and M P D Cooray are 'Independent' in terms of the Listing Rules.

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company has established a process for effective communication and relations with shareholders and investors. Accordingly, shareholders may contact the company through the Head of Finance using the following contact details.

Name : Nishantha Fernando
Contact Number : 011- 4427651
Email Address : nishantha@heladiv.com

OTHER DIRECTORSHIPS HELD BY THE DIRECTORS

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

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

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

ADDITIONAL DISCLOSURES BY/ PERTAINING TO DIRECTORS

(i) Material Interests in Contracts involving the Company

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

(ii) Material Business Relationships with each other

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

(iii) Other Directorships held by the Directors

Other Directorships held by Directors are disclosed on page 30.

(iv) Review of Internal Controls

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

(v) Applicable Laws Rules and Regulations

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

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

BOARD SUB-COMMITTEES

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

The composition of the said Board Sub Committees appears on pages 50 to 56 as required by the Listing Rules.

The Report of the Audit Committee is given on pages 50 to 51.

The Report of the Remuneration Committee is given on Page 52.

The Report of the Related Party Transactions Review Committee is given on pages 53 to 54.

The Report of the Nominations and Governance Committee is given on pages 55 to 56.

DECLARATION - COMPLIANCE WITH THE LISTING RULES ON RELATED PARTY TRANSACTIONS

In terms of Rule 9.14.8(4) of the Listing Rules, the Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2025.

INDEPENDENT AUDITORS

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

A total amount of Rs. 2,323,383/- is payable by the Company to the Auditors for the year under review. Rs. 1,511,875/- as audit fees and Rs. 811,508/- as non-audit fees respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 28th August 2025 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Group

Messrs S & C Associates, Chartered Accountants served as the Auditors of the subsidiary Company during the year under review. A total amount of Rs. 40,000/- is payable by the subsidiary to the Auditors for the year under review. Rs. 30,000/- as audit fees and Rs.10,000/- as non-audit fees respectively.

Details of payments to the said Auditors on account of audit fees and for permitted non audit services, are set out in Note 08 to the Financial Statements on page 86.

INVESTOR INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market value per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 123 to 124 under Shareholders' Information.

PUBLIC SHAREHOLDING PERCENTAGE

Information on Public Shareholding in terms of the Listing Rules is given on page 124 under Investor Information.

BOARD MEETINGS

Six (6) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 30.

DELEGATION OF AUTHORITY

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

DELEGATION TO BOARD MEMBERS

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

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

APPRAISAL OF BOARD PERFORMANCE

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

EMPLOYMENT POLICY

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

As at 31st March 2025, 60 persons were in employment (66 persons as at 31st March 2024). There were no material issues pertaining to employees and industrial relations during the financial year.

STATUTORY PAYMENTS

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

RESERVES

The reserves of the Company with the movements during the year are given on page 98 in the Financial Statements.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given in Note 12 to the Financial Statements on pages 89 to 90.

INVESTMENTS AND FINANCIAL INSTRUMENTS

Details of investments and financial instruments held by the Company are disclosed in Note 14 & 35 to the Financial Statements on pages 92 to 116.

CAPITAL COMMITMENTS

There were no material capital or other commitments as at reporting date as set out in Note 37 to the Financial Statements on page 119.

CONTINGENT LIABILITIES

There were no Contingent Liabilities as at reporting date as set out in Note 37 to the Financial Statements on page 119.

DIVIDENDS

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

DIRECTORS' DECLARATION ON RELATED PARTY TRANSACTIONS

The Directors declare that they are in compliance with section 9 of the Listing Rules of the CSE pertaining to Related Party Transactions during the financial year ended 31st March 2025. The Directors of the Company declare that there were no related party transactions required to be disclosed under the listing rules of the CSE other than disclosed in the financial statements. The report of the Related Party Transactions Review Committee is given on pages 53 to 54 in the Annual Report.

RELATED PARTY TRANSACTIONS/ DISCLOSURES DURING THE YEAR

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

There were no non-recurrent related party transactions which aggregate value exceeded 10% of the equity or 5% of the total assets whichever is lower of the Group as per latest Audited Financial Statements of 31st March 2024, which required additional disclosures in this Annual Report in terms of Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

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

There were no recurrent related party transactions which aggregate value exceeded 10% of the consolidated revenue of the Group as per latest Audited Financial Statements of 31st March 2024, which required additional disclosures in this Annual Report in terms of Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, details of which are set out on page 23 of this Report.

EVENTS OCCURRING AFTER THE REPORTING DATE

Details of events after reporting date are set out in Note 38 on page 119.

GOING CONCERN

After making adequate enquiries from the management and based on the Annual Budget approved by the Directors, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future as disclosed in Note 39 on page 120.

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

SERIOUS LOSS OF CAPITAL POSITION OF THE COMPANY

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

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

ENVIRONMENTAL PROTECTION

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

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

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

RIGHT ISSUE – 2024

The objectives of the Rights Issue – 2024 was to infuse fresh capital for the purpose of reducing part of the debt, thereby improving the negative equity position of the Company to strengthen the Balance Sheet and, the funds so raised were to be utilised for the part settle short term loans obtained from National Development Bank PLC and the parent company, George Steuart and Company Limited more fully set out in the Circular to Shareholders dated 26th July 2024. Status of utilisation of the proceeds of the Rights Issue as at 31st March 2025 is are set out in Note 23 on pages 98 to 99.

SPECIAL BUSINESS

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

The "Special Business" set out as Item 2 of the Notice of Annual General Meeting contains amendments to certain Articles of the Articles of Association of the Company, as recommended by the Directors, to be adopted by way of a Special Resolution. The salient amendments proposed are :

(a) Currently, the minimum number of Directors shall not be less than two (02). The recent amendments to Listing Rules require the minimum number to be increased to five (05). The proposed amendment to the number of Directors is to be in line with the new Rule.

(b) The Listing Rules have introduced provisions relating to the circumstances under which / the period for which an Alternate Director may be appointed. The proposed amendment to the provisions relating to Alternate Directors is to align the existing provisions with the Listing Rules.

(c) Additional methods were brought in, to serve notice on shareholders.

(d) Further provision in terms of the Listing Rules that publication by advertisement must be done as required by the statute in all three languages in national daily newspapers is proposed to be amended. Publication of notice was further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

ANNUAL GENERAL MEETING

The Annual General Meeting of the company will be held physically on Tuesday, 30th September 2025 at 9.30 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanama Mawatha,Independence Square, Colombo 07.

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

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

The Notice of the Annual General Meeting appears on Page 128.

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

S P S Ranatunga
Chairman

M P D Cooray
Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

28th August 2025
Colombo

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INDEPENDENT AUDITORS' REPORT

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TO THE SHAREHOLDERS OF H V A FOODS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of HVA Foods PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policy information and other explanatory information as set out on pages 73 to 85.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31st March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Carrying Value of Inventories

Refer to Note 3.8 for the accounting policies and Note 16 for notes to the Financial Statements on Inventories.

Risk Description	Our Responses
As shown in Note 16, the Group holds an inventory of Rs. 130,017,545/- and management judgment is applied to the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. This primarily relates to the assessment of direct labour costs incurred, manufacturing overheads to be absorbed and other relevant production costs. A risk surrounding the carrying value of inventory when compared to the net realisable value as a result of inadequate provisioning has also been identified. Establishing a provision for slow-moving, obsolete, and damaged inventory involves estimates and judgments, considering forecast sales and historical usage of information.	Our audit procedures included; » Evaluating the design and implementation of the Group's key controls relating to the existence of inventory quantities and assessment of inventory valuation and inventory provisioning » Attending to the inventory physical count conducted by the management and performing the following procedures: - Observing management's inventory count procedures to assess compliance with Group's policy and proper conduct of the count - Making inquiries regarding obsolete inventory items and inspecting the condition of items counted

Risk Description	Our Responses
Further, determination of whether inventories will be realised at the stated amounts, especially considering the current global and local macroeconomic conditions, requires management to exercise judgment and apply assumptions relating to realisation of inventories considering the markets where inventories are sold.	» Comparing the quantities counted to the quantities recorded to ensure that accounting records have properly been updated for physical quantities which existed as of the reporting date » Inquiring from management for explanations regarding significant inventory count variances and inspecting supporting documents to validate those explanations » On a sample basis, testing the accuracy of valuation of raw materials, work-in-progress and finished goods, bearing in mind the appropriateness of costing methods used and absorption rates applied » Inspecting the post period sales transactions to evaluate whether inventories are measured at lower of cost or net realisable value » Inquiring from the management regarding the impact of current economic conditions on the sales and verifying whether there have been inventories not sold or sold at a lesser price due to current economic conditions » Assessing the impact of current macroeconomic conditions on the sales to verify whether there have been inventories not sold or sold at a lesser price due to the current economic conditions » Assessing whether the Group's policies had been consistently applied and the adequacy of the financial statement disclosures in respect of the judgment and estimation made for inventory provisioning

b) Impairment Assessment on Goodwill

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

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

BDO

c) Impairment Assessment on the Intangible Assets of Trademarks

Refer to Note 3.5 for the accounting policies and Note 15 for notes to the Financial Statements on Intangible assets.

Risk Description	Our Responses
The Financial Statements include intangible assets of Trademarks of HELADIV and INFINI-T amounting to Rs.46,679,455/- (Rs.44,938,997/- and Rs.1,740,448/-) on acquisition of HVA Holdings (Pvt) Ltd and acquisition of business operations and certain assets of HVA Lanka Exports (Pvt) Ltd. Those Trademarks have an indefinite useful life. Trademarks are subject to an annual impairment test using significant estimates as disclosed in Note 15.1 and 15.2 to the Financial Statements. We identified the assessment of potential impairment of Trademarks as a key audit matter because such assessment involves certain judgmental assumptions which could be subject to management bias.	» Challenging management's forecasted revenues, growth rates, profit margins, tax rates and discount rates based on our knowledge of the related operations to compare them with historical forecasts and performance and industry benchmarks which included obtaining an understanding of management's planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, the review of secured and lost contracts, and the analyses of the impact to the recoverable amounts when break-even or independently derived discount rates were applied » Testing the mathematical accuracy of the underlying calculations in the Group's discounted cash flow valuation models » Assessing whether the impact of current macroeconomic conditions have been considered when preparing impairment assessment and evaluating the reasonableness of assumptions and judgments made in this regard » Assessing the adequacy of the disclosures in the Financial Statements

Other Information

Other information consists of the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. Management is responsible for the other information.

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

» conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.

» evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

» obtain sufficient and 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's audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements in accordance with the Code of Ethics regarding independence and agree to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

28th August 2025

NV/cc

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Revenue	5	1,836,076,269	1,842,864,051	1,836,076,269	1,842,864,051
Cost of sales		(1,663,012,247)	(1,593,102,961)	(1,663,012,247)	(1,593,102,961)
Gross profit		173,064,022	249,761,090	173,064,022	249,761,090
Other operating income	7	9,549,886	11,309,229	9,549,886	11,309,229
Distribution expenses		(16,074,764)	(23,912,533)	(16,074,764)	(23,912,533)
Administration expenses		(185,552,455)	(324,739,311)	(185,456,160)	(324,630,449)
Results from operating activities	8	(19,013,311)	(87,581,525)	(18,917,016)	(87,472,663)
Net finance expenses	9	(120,666,834)	(240,829,057)	(120,666,334)	(240,827,942)
Loss before income tax		(139,680,145)	(328,410,582)	(139,583,350)	(328,300,605)
Income tax expense	10	(250,236)	2,180,618	(250,236)	2,180,618
Loss for the year		(139,930,381)	(326,229,964)	(139,833,586)	(326,119,987)
Other comprehensive income					
Items that will not be re-classified to profit or loss					
Actuarial gain on retirement benefit obligation	26	580,162	(2,330,019)	580,162	(2,330,019)
Deferred tax on actuarial gain on retirement benefit obligation	25	(524,957)	702,294	(524,957)	702,294
Total other comprehensive income/(Loss)		55,205	(1,627,725)	55,205	(1,627,725)
Total comprehensive income for the year		(139,875,176)	(327,857,689)	(139,778,381)	(327,747,712)
Loss attributable to;					
Owners of the Company		(139,930,381)	(326,229,964)	(139,833,586)	(326,119,987)
Loss for the year		(139,930,381)	(326,229,964)	(139,833,586)	(326,119,987)
Total comprehensive income attributable to:					
Owners of the Company		(139,875,176)	(327,857,689)	(139,778,381)	(327,747,712)
Total comprehensive income for the year		(139,875,176)	(327,857,689)	(139,778,381)	(327,747,712)
Diluted earning per share	11	(0.78)	(2.81)	(0.78)	(2.81)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 73 to 121 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	43,535,314	50,875,260	43,535,314	50,875,260
Goodwill	13	263,849,498	263,849,498	263,849,498	263,849,498
Investment in a subsidiary	14	-	-	45,000,001	45,000,001
Other intangible assets	15	48,143,069	51,056,149	3,204,072	6,117,152
Deferred tax assets	29	196,468,326	197,243,520	196,468,326	197,243,520
Total non-current assets		551,996,207	563,024,427	552,057,211	563,085,431
Current assets					
Inventories	16	130,017,545	400,758,997	130,017,545	400,758,997
Financial assets	17	8,483,938	1,824,821	8,483,938	1,824,821
Trade receivables	18	353,307,908	301,532,933	353,307,908	301,532,933
Amounts due from related parties	19	2,174,770	1,935,125	2,628,067	2,294,627
Pre-payments and other receivables	20	14,444,560	15,628,829	14,444,560	15,628,829
Deposits and advances	21	26,278,995	41,918,344	26,278,995	41,918,344
Cash and cash equivalents	22	44,437,022	28,916,457	44,437,022	28,916,457
Total current assets		579,144,738	792,515,506	579,598,035	792,875,008
Total assets		1,131,140,945	1,355,539,933	1,131,655,246	1,355,960,439
EQUITY AND LIABILITIES					
Stated capital	23	954,965,559	582,965,063	954,965,559	582,965,063
Revaluation reserve	24	15,013,718	15,013,718	15,013,718	15,013,718
Accumulated losses	25	(1,040,779,187)	(900,904,011)	(1,040,224,886)	(900,446,505)
Total equity attributable to the equity holders of the Company		(70,799,910)	(302,925,230)	(70,245,609)	(302,467,724)
Total equity		(70,799,910)	(302,925,230)	(70,245,609)	(302,467,724)
Non-current liabilities					
Retirement benefits obligation	26	12,282,207	9,881,844	12,282,207	9,881,844
Interest-bearing loans and borrowings - non-current	27	203,745,331	365,856,723	203,745,331	365,856,723
Government grant - non-current	28	5,546,926	6,656,326	5,546,926	6,656,326
Total non-current liabilities		221,574,464	382,394,893	221,574,464	382,394,893
Current liabilities					
Trade payables	30	72,765,782	61,478,729	72,765,782	61,478,729
Interest-bearing loans and borrowings - current	27	632,900,814	487,914,358	632,900,814	487,914,358
Government grant - current	28	1,109,400	1,109,400	1,109,400	1,109,400
Deposits and advances	31	2,870,904	204,629,178	2,870,904	204,629,178
Accrued expenses and other payables	32	83,046,155	79,887,563	83,006,155	79,850,563
Amount due to a related party	33	40,788,415	311,107,912	40,788,415	311,107,912
Bank overdrafts	22	146,884,921	129,943,130	146,884,921	129,943,130
Total current liabilities		980,366,391	1,276,070,270	980,326,391	1,276,033,270
Total liabilities		1,201,940,855	1,658,465,163	1,201,900,855	1,658,428,163
Total equity and liabilities		1,131,140,945	1,355,539,933	1,131,655,246	1,355,960,439

I certify, that these Financial Statements are in accordance with the requirements of the Companies Act No. 07 of 2007.

Mr. Nishantha Fernando
Head of Finance

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

C.G. Stork
Director

M.P.D. Cooray
Director

Figures in brackets indicate deductions.

The accounting policies and notes on pages 73 to 121 form an integral part of these Financial Statements.

28th August 2025

Colombo

STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31st March	Note	Attributable to equity holders of the company			
		Stated capital Rs.	Revaluation reserves Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 01st April 2023		582,965,063	15,013,718	(573,046,322)	24,932,459
Comprehensive income					
Loss for the year		-	-	(326,229,964)	(326,229,964)
Other comprehensive income					
Defined benefit plan actuarial gain	26	-	-	(2,330,019)	(2,330,019)
Deferred tax on actuarial gain on retirement benefit obligation	25	-	-	702,294	702,294
Total comprehensive income		-	-	(327,857,689)	(327,857,689)
Balance as at 31st March 2024		582,965,063	15,013,718	(900,904,011)	(302,925,230)
Comprehensive income					
Loss for the year		-	-	(139,930,381)	(139,930,381)
Other comprehensive income					
Defined benefit plan actuarial gain	26	-	-	580,162	580,162
Deferred tax on actuarial gain on retirement benefit obligation	25	-	-	(524,957)	(524,957)
Total comprehensive income		-	-	(139,875,176)	(139,875,176)
Transactions with owners of the Group					
Issue of shares	23	372,000,496	-	-	372,000,496
Balance as at 31st March 2025		954,965,559	15,013,718	(1,040,779,187)	(70,799,910)

Company

For the year ended 31st March	Note	Stated capital Rs.	Revaluation reserves Rs.	Accumulated losses Rs.	Total Rs.
Balance as at 01st April 2023		582,965,063	15,013,718	(572,698,793)	25,279,988
Comprehensive income					
Loss for the year		-	-	(326,119,987)	(326,119,987)
Other comprehensive income					
Defined benefit plan actuarial gain	26	-	-	(2,330,019)	(2,330,019)
Deferred tax on actuarial gain on retirement benefit obligation	25	-	-	702,294	702,294
Total comprehensive income		-	-	(327,747,712)	(327,747,712)
Balance as at 31st March 2024		582,965,063	15,013,718	(900,446,505)	(302,467,724)
Comprehensive income					
Loss for the year		-	-	(139,833,586)	(139,833,586)
Other comprehensive income					
Defined benefit plan actuarial gain	26	-	-	580,162	580,162
Deferred tax on actuarial gain on retirement benefit obligation	25	-	-	(524,957)	(524,957)
Total comprehensive income		-	-	(139,778,381)	(139,778,381)
Transactions with owners of the Company					
Issue of shares	23	372,000,496	-	-	372,000,496
Balance as at 31st March 2025		954,965,559	15,013,718	(1,040,224,886)	(70,245,609)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 73 to 121 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Notes	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Cash flow from operating activities					
Loss before tax		(139,680,145)	(328,410,582)	(139,583,350)	(328,300,605)
Adjustments for:					
Depreciation on property, plant and equipment	12	9,723,211	11,473,406	9,723,211	11,473,406
Amortisation of intangible assets	15	1,769,008	1,813,539	1,769,008	1,813,539
Provision for defined benefit obligations - gratuity	26	3,226,235	2,690,457	3,226,235	2,690,457
Interest income on deposits and savings	9	(1,614,080)	(1,742,020)	(1,614,080)	(1,742,020)
Reversal of provision for inventories	16	(6,947,202)	-	(6,947,202)	-
Written off - inventories		9,474,397	26,178,424	9,474,397	26,178,424
(Reversal) / provision on trade receivable	18	(1,825,800)	28,825,575	(1,825,800)	28,825,575
Trademark impairment loss	15	1,154,154	-	1,154,154	-
Amortisation of government grant	28	(1,109,400)	(1,109,400)	(1,109,400)	(1,109,400)
Loss / (Gain) on fair valuation of financial investments	7	(198,294)	(73,537)	(198,294)	(73,537)
Unrealised exchange (gain)/ loss on borrowings	27	(4,572,601)	2,224,206	(4,572,601)	2,224,206
Interest on lease	9	1,574,949	1,793,891	1,574,949	1,793,891
Interest expenses	9	103,199,474	209,818,182	103,199,474	209,818,182
Written off- advance of trade creditors		-	515,276	-	515,276
Profit/(loss) on Sale of property, plant and equipment	7	-	5,677,142	-	5,677,142
		113,854,051	288,085,141	113,854,051	288,085,141
Operating profit/(loss) before working capital changes		(25,826,094)	(40,325,441)	(25,729,299)	(40,215,464)
(Increase) / decrease in inventories		268,214,257	33,506,062	268,214,257	33,506,062
Increase in trade receivable		(49,949,175)	(33,669,290)	(49,949,175)	(33,669,290)
Decrease in pre-payments and other receivables		1,184,269	752,017	1,184,269	752,017
Increase / (decrease) in amounts due from related parties		(239,645)	755,828	(333,440)	661,966
(Increase) / decrease in deposits and advance receivables		15,639,349	(4,029,587)	15,639,349	(4,029,587)
Increase in trade payable		11,287,053	10,226,103	11,287,053	10,226,103
Increase / (decrease) in amount due to related party		(270,319,497)	281,107,912	(270,319,497)	281,107,912
Increase / (decrease) in deposits and advance payable		(201,758,274)	202,839,122	(201,758,274)	202,839,122
Increase / (decrease) in accrued expenses and other creditors		3,158,592	(9,523,875)	3,155,592	(9,538,875)
Cash generated from / (used) in operations		(248,609,165)	441,638,851	(248,609,165)	441,639,966
Interest paid	9	(103,199,474)	(209,818,182)	(103,199,474)	(209,818,182)
Lease interest paid	9	(1,574,949)	(1,793,891)	(1,574,949)	(1,793,891)
Gratuity paid	26	(245,709)	(3,721,417)	(245,709)	(3,721,417)
Net cash generated from / (used) in operating activities		(353,629,296)	226,305,361	(353,629,296)	226,306,476
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(2,393,347)	(16,222,501)	(2,393,347)	(16,222,501)
Net Increase / (Decrease) in Financial Assets		(6,460,823)	29,770,270	(6,460,823)	29,770,270
Interest received	9	1,614,080	1,742,020	1,614,080	1,742,020
Net cash generated from / (used) in investing activities		(7,240,090)	15,289,789	(7,240,090)	15,289,789
Cash flows from financing activities					
Repayments of lease creditors		(750,656)	(531,709)	(750,656)	(531,709)
Issue of shares		372,000,496	-	372,000,496	-
Proceed from interest bearing loans and borrowings		1,465,013,610	1,930,052,169	1,465,013,610	1,930,052,169
Repayment of interest bearing loans and borrowings		(1,476,815,290)	(2,048,013,626)	(1,476,815,290)	(2,048,013,626)
Net cash (used) in / generated from financing activities		359,448,160	(118,493,166)	359,448,160	(118,493,166)
Net increase / (Decrease) in cash and cash equivalents		(1,421,226)	123,101,986	(1,421,226)	123,103,101
Cash and cash equivalents at the beginning of the year (Note A)	22	(101,026,673)	(224,128,659)	(101,026,673)	(224,129,774)
Cash and cash equivalents at the end of the year (Note B)	22	(102,447,899)	(101,026,673)	(102,447,899)	(101,026,673)
At the beginning					**(Note A)**
Cash in hand and balance at bank		28,916,457	37,225,916	28,916,457	37,224,801
Bank overdraft		(129,943,130)	(261,354,575)	(129,943,130)	(261,354,575)
		(101,026,673)	(224,128,659)	(101,026,673)	(224,129,774)
At the end					**(Note B)**
Cash in hand and balance at bank		44,437,022	28,916,457	44,437,022	28,916,457
Bank overdraft		(146,884,921)	(129,943,130)	(146,884,921)	(129,943,130)
		(102,447,899)	(101,026,673)	(102,447,899)	(101,026,673)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 73 to 121 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

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

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

1.2 Principal activities and nature of operations

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

1.3 The parent entity

George Steuart and Company Limited is the parent entity which owns 82.62% of ordinary shares of the Company.

1.4 Consolidated Financial Statements

The Consolidated Financial Statements of HVA Foods PLC, as at and for the year ended 31st March 2025 comprise the Company and its subsidiary company (together referred to as the "Group" and individually as "Group entities").

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The Financial Statements were authorised for issue by the Board of Directors on 9th July 2025.

2.2 Responsibility for the Consolidated Financial Statements

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

2.3 Basis of measurement

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

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

2.4 Going concern

The Group has prepared the Consolidated Financial Statements for the year ended 31st March 2025 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the Consolidated Financial Statements for the year ended 31st March 2025, based on available information, the management has assessed the prevailing macroeconomic conditions and their effect on the Group and the appropriateness using the going concern basis.

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

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

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

2.5 Functional and presentation currency

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

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

2.6 Use of estimates and judgments

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

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements are described in the following notes:

Critical accounting estimate/judgment	Disclosure note
Property, plant and equipment	12
Inventories	16
Trade receivables	18
Retirement benefits obligation	26
Deferred taxation	29
Commitments and contingencies	37

2.7 Materiality and aggregation

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

2.8 Comparative information

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

2.9 Changes in accounting standards

(a) New standards, interpretations and amendments adopted from 1st January 2024.

» Liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases) – Mandatorily effective for periods beginning on or after 1st January 2024.

» Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements) - Mandatorily effective for periods beginning on or after 1st January 2024.

» Non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial Statements) – Mandatorily effective for periods beginning on or after 1st January 2024.

» Supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures) - Mandatorily effective for periods beginning on or after 1st January 2024.

(b) New standards and amendments issued but not yet effective or early adopted in 2025.

The following amendments and improvements are not expected to have a significant impact on the Group's Consolidated Financial Statements.

» Sustainability Disclosure Standard (SLFRS S1) as "General Requirements for Disclosure of sustainability - related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2).

» Lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates) – Mandatorily effective for periods beginning on or after 1st January 2025.

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

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Basis of consolidation

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

3.1.1 Subsidiaries

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

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

• HVA Holdings (Pvt) Limited – the subsidiary company, which is incorporated in Sri Lanka, has been consolidated with the Company.

3.1.2 Acquisition of non-controlling interests

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

3.1.3 Goodwill on consolidation

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

3.1.4 Transactions eliminated on consolidation

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

3.2 Foreign currency

3.2.1 Foreign currency transactions

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

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

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

3.3 Financial instruments – initial recognition and subsequent measurement

3.3.1 Financial assets

3.3.1.1 Initial recognition and subsequent measurement

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

a) Amortised cost

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

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

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

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

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

b) Fair value through other comprehensive income

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

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

c) Financial assets at fair value through profit or loss

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

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

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

3.3.1.2 Derecognition

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

a) the contractual rights to the cash flows from the financial asset expire, or

b) it transfers the financial asset and the transfer qualifies for derecognition.

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

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

a) If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognises the financial asset and recognises separately as assets or liability any rights and obligations created or retained in the transfer.

b) If the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group continues to recognise the financial asset.

c) If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group determines whether it has retained control of the financial asset.

3.3.1.3 Impairment of financial assets

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

3.3.2 Cash and cash equivalents

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

3.3.3 Financial liabilities

3.3.3.1 Initial recognition and measurement

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

3.3.3.2 Classification of financial liabilities

a) Financial liabilities measured at amortised cost

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

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

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

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

3.3.3.3 Derecognition

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

3.3.4 Offsetting of financial instruments

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

3.3.5 Fair value of financial instruments

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

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Land and buildings, machinery and store equipment are stated at fair value less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

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

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

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

3.4.2 Subsequent costs

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

3.4.3 Depreciation

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

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Lease assets are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Land is not depreciated.

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

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

3.4.4 Derecognition

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

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

3.4.5 Gain and losses on disposal

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

3.4.6 Revaluation of property, plant and equipment

A revaluation of an item of property, plant and equipment (PPE) is carried out when there is substantial difference between the fair value and the carrying amount. Valuation of the land and buildings, machinery and store equipment are undertaken by professionally qualified valuers at a minimum of 4-5 years.

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

3.4.6.1 Revaluation of plant and machinery

Accounting judgments estimates and assumptions

Fair value of the plant and machinery are ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar category. Plant and machinery are appraised of similar category. Plant and machinery are appraised in accordance with LKAS 16, SLFRS 13 and the Valuations Standards published by the institute of Valuers of Sri Lanka and by the RICS, UK. In determining the fair value, the current condition of the assets, future usability and associated re-development requirements have been considered. Further valuers have made reference to market evidence of transaction prices for similar assets, with appropriate adjustments for size and category. The most recent revaluation was carried out on 31st March 2024.

3.4.7 Leases

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

3.4.7.1 Finance leases

Finance leases – Group as a lessee:

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

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

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

a) Basis of recognition

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

b) Basis of measurement

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

c) Depreciation

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

3.4.7.3 Lease liability

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

Details of "Right-of-use asset" and "Lease liability" are given in Note 12.2 and 27.1.2 to the Consolidated Financial Statements.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The intangible assets of the Group include the following:

a) Goodwill

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

b) Trademarks

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

c) Computer software

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

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

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

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash – generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

3.7 Government grants

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

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

3.8 Inventories

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

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

3.9 Liabilities and provisions

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

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

3.9.1 Employee benefits

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

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

3.9.1.2 Defined benefit plan

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

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

3.9.1.3 Short-term benefits

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

3.9.1.4 Provisions

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

3.10 Revenue recognition

3.10.1 Revenue

3.10.1.1 Sale of goods

a) Revenue recognition

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

b) Performance obligations and timing of revenue recognition

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

c) Determining the transaction price

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

d) Allocating amounts to performance obligations

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

3.10.1.2 Interest income

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

3.10.1.3 Dividend income

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

3.10.1.4 Other income

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

3.10.2 Expenditure

3.10.2.1 Expenses recognition

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

3.10.2.2 Finance expenses

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

3.11 Taxation

a) Income tax

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

b) Current taxation

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

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

c) Deferred tax

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

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

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

3.12 Events occurring after the reporting date

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Consolidated Financial Statements.

3.13 Comparative information

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

3.14 Segmental information

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and tax assets and liabilities. Inter-segment transfers are based on fair market prices. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

3.15 Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

3.16 Statement of cash flows

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

3.17 Commitments and contingencies

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

4. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

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

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

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

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

4.1.1 Trade and other receivables

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

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

4.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

4.3 Market risk

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

4.3.1 Currency risk

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

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

4.4 Operational risk

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

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

» Requirements for appropriate segregation of duties, including the independent authorisation of transactions.

» Requirements for the reconciliation and monitoring of transactions.

» Compliance with regulatory and other legal requirements.

» Documentation of controls and procedures.

» Development of contingency plans.

» Training and professional development.

» Ethical and business standards.

» Risk mitigation, including insurance where this is effective.

With the prolonged impact from the disruptive waves of the Pandemic, the Group has heightened the importance of having robust governance processes and systems and controls to mitigate the potential for operational losses.

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.

5 REVENUE

Export sales	1,728,277,640	1,794,543,766	1,728,277,640	1,794,543,766
Local sales	107,798,629	48,320,285	107,798,629	48,320,285
	1,836,076,269	1,842,864,051	1,836,076,269	1,842,864,051

6 SEGMENTAL INFORMATION

6.1 Geographical segment analysis (by location of customers)

Russia and the CIS States	258,671,718	164,766,388	258,671,718	164,766,388
Far East/Asia	788,001,885	387,991,948	788,001,885	387,991,948
Europe	92,174,119	635,203,604	92,174,119	635,203,604
USA /Canada / UK / Barbados	179,101,724	124,456,855	179,101,724	124,456,855
Middle East and Africa	410,328,194	482,124,971	410,328,194	482,124,971
Domestic	107,798,629	48,320,285	107,798,629	48,320,285
	1,836,076,269	1,842,864,051	1,836,076,269	1,842,864,051

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

7 OTHER OPERATING INCOME

Amortisation of Government grant (Note 28)	1,109,400	1,109,400	1,109,400	1,109,400
Dividend income - quoted investments	16,935	-	16,935	-
Reimbursement income	5,837,986	6,453,102	5,837,986	6,453,102
Fair value gain/(loss) on investments	198,294	73,537	198,294	73,537
Other income	1,138,382	3,443,460	1,138,382	3,443,460
Investment Income	1,248,889	229,730	1,248,889	229,730
	9,549,886	11,309,229	9,549,886	11,309,229

8 RESULTS FROM OPERATING ACTIVITIES

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

For the year ended 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Auditor's remuneration - external audit	1,541,875	1,277,000	1,511,875	1,250,000
Auditor's remuneration - other services	821,508	459,104	811,508	449,104
Internal audit fee	38,125	544,087	38,125	544,087
Directors' emoluments including non-executive directors' fees	22,740,419	11,277,500	22,740,419	11,277,500
Loss on sale of property plany & equipment	-	5,677,142	-	5,677,142
Depreciation of property, plant and equipment	9,723,211	9,768,410	9,723,211	9,768,410
Amortisation of intangible assets	1,769,008	1,813,539	1,769,008	1,813,539
Legal and secretarial expenses	1,020,234	920,716	1,020,234	902,516
Salaries and wages	62,618,065	66,054,472	62,618,065	66,054,472
EPF	8,020,447	8,170,148	8,020,447	8,170,148
ETF	2,005,111	2,038,918	2,005,111	2,038,918
Provision for retirement benefit obligation	3,226,235	2,690,457	3,226,235	2,690,457
Inventory write off - obsolete stocks	9,474,397	26,178,424	9,474,397	26,178,424
(Reversal) / provision for impairment of trade receivables	(1,825,800)	28,825,575	(1,825,800)	28,825,575

9 NET FINANCE EXPENSES

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Finance income				
Interest income	1,614,080	1,742,020	1,614,080	1,742,020
	1,614,080	1,742,020	1,614,080	1,742,020
Finance expenses				
Loan interest - packing credit	(13,748,875)	(56,697,606)	(13,748,875)	(56,697,606)
Loan interest - term loan	(46,933,287)	(78,873,334)	(46,933,287)	(78,873,334)
Interest on lease rentals	(1,574,949)	(1,793,891)	(1,574,949)	(1,793,891)
Interest on bill discounts	-	(1,646,322)	-	(1,646,322)
Interest on related party advances	(16,091,390)	(20,191,748)	(16,091,390)	(20,191,748)
Bank overdraft interest	(11,300,673)	(27,539,103)	(11,300,673)	(27,539,103)
Interest on short-term loans	(15,108,613)	(26,516,393)	(15,108,613)	(26,516,393)
Bank charges	(7,368,747)	(8,816,685)	(7,368,247)	(8,815,570)
Foreign exchange loss	(10,154,380)	(20,495,995)	(10,154,380)	(20,495,995)
	(122,280,914)	(242,571,077)	(122,280,414)	(242,569,962)
Net finance expenses	(120,666,834)	(240,829,057)	(120,666,334)	(240,827,942)

10 INCOME TAX EXPENSE

10.1 Current income tax expense

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Income tax expense on current year's profit		-	-	-	-
Deferred tax expense					
Origination of deferred tax assets	29	250,236	(2,180,618)	250,236	(2,180,618)
Total income tax expense		250,236	(2,180,618)	250,236	(2,180,618)

10 INCOME TAX EXPENSE (CONTD....)

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

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Loss before tax		(139,680,145)	(328,410,582)	(139,583,350)	(328,300,605)
Exempt income/other source of income		(2,752,800)	(3,154,688)	(2,752,800)	(3,154,688)
Aggregate disallowable expenses		136,170,411	393,991,825	136,073,616	393,881,848
Aggregate allowable expenses		(112,354,817)	(238,757,993)	(112,354,817)	(238,757,993)
Taxable profit/(loss) for the year		(118,617,351)	(176,331,438)	(118,617,351)	(176,331,438)
Tax losses brought forward		(735,352,791)	(560,387,063)	(735,352,791)	(560,387,063)
Tax profit/(loss) incurred during the year		(118,617,351)	(176,331,438)	(118,617,351)	(176,331,438)
Adjustments for the tax losses brought forward		-	62,975,103	-	62,975,103
Amount written off during the year		60,623,203	-	60,623,203	-
Utilisation of tax losses		1,012,578	1,458,949	1,012,578	1,458,949
Tax losses carried forward		(792,334,361)	(672,284,449)	(792,334,361)	(672,284,449)
Income tax income at the rate of 24%		-	-	-	-
Income tax income at the rate of 30%		-	-	-	-
Total current tax for the year		-	-	-	-
Current tax on profits/(loss) for the year	10.1	-	-	-	-
Charge to deferred tax liability on temporary differences		775,193	(2,882,912)	775,193	(2,882,912)
Charge to deferred tax asset on temporary differences		(524,957)	702,294	(524,957)	702,294
Total income tax expense		(250,236)	2,180,618	(250,236)	2,180,618

11. BASIC EARNING PER SHARE

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

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Loss attributable to ordinary shareholders	(139,930,381)	(326,229,964)	(139,833,586)	(326,119,987)
Weighted average number of ordinary shares	180,388,222	116,250,155	180,388,222	116,250,155
Diluted earnings per share	(0.78)	(2.81)	(0.78)	(2.81)

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

12 PROPERTY, PLANT AND EQUIPMENT

12.1. a Group

Description	Land	Plant & Machinery	Ice-Tea Equipment	Stores Equipment	Furniture and Fittings	Office Equipment	Motor Vehicle	Capital Work in progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At cost / valuation									
Balance as at 01st April 2024	4,342,000	21,500,474	1,830,231	3,579,629	5,814,223	11,797,973	3,085,510	12,577,817	64,527,857
Additions					28,721	245,168		2,119,458	2,393,347
Disposals / Transfers				88,455		(88,455)			-
Balance as at 31st March 2025	4,342,000	21,500,474	1,830,231	3,668,084	5,842,944	11,954,686	3,085,510	14,697,275	66,921,204
Depreciation and impairment losses									
Balance as at 01st April 2024		4,231,038	1,703,230	2,911,322	1,973,437	5,999,732	3,085,510	-	19,904,269
Depreciation		4,225,094	41,125	254,274	582,124	2,915,594	-	-	8,018,211
Transfers	-	-	(735)	315,680	-	(304,863)	-	-	10,082
Balance as at 31st March 2025	-	8,456,132	1,743,620	3,481,276	2,555,561	8,610,463	3,085,510	-	27,932,562
Total carrying amount									
As at 31st March 2025	4,342,000	13,044,342	86,611	186,808	3,287,383	3,344,223	-	14,697,275	38,988,642
As at 31st March 2024	4,342,000	17,269,436	127,001	668,307	3,840,786	5,798,241	-	12,577,817	44,623,588

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

12.1.b Company

Description	Land Rs.	Plant & Machinery Rs.	Ice-Tea Equipment Rs.	Stores Equipment Rs.	Furniture and Fittings Rs.	Office Equipment Rs.	Motor Vehicle Rs.	Capital Work in Progress Rs.	Total Rs.
At cost / valuation									
Balance as at 01st April 2024	4,342,000	21,500,474	1,830,231	3,579,629	5,814,223	11,797,973	3,085,510	12,577,817	64,527,857
Additions					28,721	245,168		2,119,458	2,393,347
Disposals / Transfers				88,455		(88,455)			-
Balance as at 31st March 2025	4,342,000	21,500,474	1,830,231	3,668,084	5,842,944	11,954,686	3,085,510	14,697,275	66,921,204
Depreciation and impairment losses									
Balance as at 01st April 2024	-	4,231,038	1,703,230	2,911,322	1,973,437	5,999,732	3,085,510	-	19,904,269
Depreciation	-	4,225,094	41,125	254,274	582,124	2,915,594	-	-	8,018,211
Disposals / Transfers	-		(735)	315,680	-	(304,863)	-	-	10,082
Balance as at 31st March 2025	-	8,456,132	1,743,620	3,481,276	2,555,561	8,610,463	3,085,510	-	27,932,562
Total carrying amount									
As at 31st March 2025	4,342,000	13,044,342	86,611	186,808	3,287,383	3,344,223	-	14,697,275	38,988,642
As at 31st March 2024	4,342,000	17,269,436	127,001	668,307	3,840,786	5,798,241	-	12,577,817	44,623,588

12.2 Right of Used Assets

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Cost				
Balance as at 1st April	8,525,000	8,525,000	8,525,000	8,525,000
Additions	-	-	-	
Balance as at 31st March	8,525,000	8,525,000	8,525,000	8,525,000
Accumulated depreciation				
Balance as at 1st April	2,273,328	568,332	2,273,328	568,332
Charge for the year	1,705,000	1,704,996	1,705,000	1,704,996
Balance as at 31st March	3,978,328	2,273,328	3,978,328	2,273,328
Depreciation carrying amount				
Balance as at 1st April	6,251,672	7,956,668	6,251,672	7,956,668
Additions	(1,705,000)	(1,704,996)	(1,705,000)	(1,704,996)
Balance as at 31st March	4,546,672	6,251,672	4,546,672	6,251,672

Right-of-Use assets represent a Lorry.

12.3 During the year, the Group acquired property, plant and equipment to the aggregate value of Rs.2,393,347/- (2023/24 - 16,222,503/-).

12.4 Property, plant and equipment of the Group include fully-depreciated assets, the cost of which as at 31st March 2025 amounted to Rs.1,718,000/- (2023/24 - Rs.7,208,012/-) and continue to be in use by the Group.

12.5 There were no capitalised borrowing costs relating to the acquisition of Property, Plant and Equipment during the year.

12.6 There were no temporary idle borrowing cost as at 31st March 2025.

12.7 There are no pledged assets against borrowings as at 31st March 2025.

12.8 The details of the Company's land holdings

	Extent of land	Method of valuation	Last valuation date	Revalued Amount Rs.	Property valuer	Cost of purchase Rs.	Year of purchase
(i) No 39, Linton Road, Kandana - Land	A0-R0-P6.88 (Perches)	Direct capital comparison method	31st March 2023	4,342,000	Mr. P.B. Kalugalagedara Charted Valuation Surveyor	2,672,000	10/03/2021

12.9 Expenses recognised in statement of comprehensive income

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Depreciation	9,723,211	11,473,406	9,723,211	11,473,406
	9,723,211	11,473,406	9,723,211	11,473,406

13. GOODWILL

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 1st April	263,849,498	263,849,498	263,849,498	263,849,498
Balance as at 31st March	263,849,498	263,849,498	263,849,498	263,849,498

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

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

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

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

Management determined forecast operating results based on past performance and expectations for the future. The pre-tax discount rate used is 11.20% and the growth rate used to extrapolate cash flow projections beyond five years is 2% per annum. Based on the assessment carried out, Value in Use is higher than the carrying value of the goodwill.

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

14. INVESTMENT IN SUBSIDIARY

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Non - quoted investment				
HVA Holdings (Pvt) Ltd	-	-	45,000,001	45,000,001
	-	-	45,000,001	45,000,001

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

15. OTHER INTANGIBLE ASSETS

15.1 Trademark - "HELADIV"

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Cost				
Balance as at 1st April	44,938,997	44,938,997	-	-
Balance as at 31st March	44,938,997	44,938,997	-	-

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

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

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

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

Royalty rate	- 4.6%
Discount factor (pre tax)	- 17.41%
Terminal growth	- 2% p.a.
Brand related expenses	- 0.16% of revenue from revenue generated from Heladiv sales.

Having considered the positive growth in revenue in 2025/2026 and future revenue forecast together with reasonableness of royalty rates applied, the Board of Directors is confident that trademark has not been impaired as at the reporting date.

15.2 Trademark - "INFINI-T"

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Cost				
Balance as at 1st April	2,894,602	2,894,602	2,894,602	2,894,602
Impairment loss during the year	(1,154,154)	-	(1,154,154)	-
Balance as at 31st March	1,740,448	2,894,602	1,740,448	2,894,602

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

15. OTHER INTANGIBLE ASSETS (CONTD….)

15.2 Trademark - "INFINI-T" (CONTD….)

Valuation methodology and principal assumptions used for the brand valuation

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

Royalty rate	- 4.6%
Terminal growth	- 2% p.a
Discount rate	- 17.41%
Brand related expenses	- 2.00% of revenue from revenue generated from Infini-T sales.

Considering the impairment test, the Company has made an impairment of LKR 1,154,154/- as at the reporting date.

15.3 Software

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Summary					
Cost					
Balance as at 1st April		3,883,564	4,206,564	3,883,564	4,206,564
Written off during the year		-	(323,000)	-	(323,000)
Balance as at 31st March		3,883,564	3,883,564	3,883,564	3,883,564
Amortisation					
Balance as at 1st April		1,806,694	1,124,865	1,806,694	1,124,865
Amortisation charge for the year		960,304	1,004,825	960,304	1,004,825
Transfer during the year		(10,086)	-	(10,086)	-
Written off during the year		-	(322,996)	-	(322,996)
Balance as at 31st March		2,756,912	1,806,694	2,756,912	1,806,694
Carrying amount					
Balance as at 1st April		2,076,870	3,081,699	2,076,870	3,081,695
Acquired / incurred during the year		(960,304)	(1,004,825)	(960,304)	(1,004,825)
Transfers during the year		10,086		10,086	
Balance as at 31st March		1,126,652	2,076,874	1,126,652	2,076,870

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
15.4 Artwork					
Summary					
Cost					
Balance as at 1st April		2,426,140	2,426,140	2,426,140	2,426,140
Balance as at 31st March		2,426,140	2,426,140	2,426,140	2,426,140
Amortisation					
Balance as at 1st April		1,280,464	471,750	1,280,464	471,750
Amortisation charge for the year		808,704	808,714	808,704	808,714
Balance as at 31st March		2,089,168	1,280,464	2,089,168	1,280,464
Carrying amount					
Cost as at 31st March		1,145,676	1,954,390	1,145,676	1,954,390
Accumulated amortisation as at 31st March		(808,704)	(808,714)	(808,704)	(808,714)
Balance as at 31st March		336,972	1,145,676	336,972	1,145,676
15.5 Total					
Carrying amount					
Trademark - "HELADIV"		44,938,997	44,938,997	-	-
Trademark - "INFINI-T"		1,740,448	2,894,602	1,740,448	2,894,602
Software		1,126,652	2,076,874	1,126,652	2,076,870
Artwork		336,972	1,145,676	336,972	1,145,676
Net carrying amount		48,143,069	51,056,149	3,204,072	6,117,152

16. INVENTORIES

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Raw materials - Tea		56,174,753	198,392,046	56,174,753	198,392,046
Raw Materials - Herbs operation		16,685,369	-	16,685,369	-
Raw Material - Flavours		9,293,306	21,633,102	9,293,306	21,633,102
Raw Material - Packing materials		50,655,035	78,096,946	50,655,035	78,096,946
Semi-finished goods		8,653,907	111,324,479	8,653,907	111,324,479
Finished goods		3,359,788	8,755,771	3,359,788	8,755,771
Raw Material - Other stocks		-	4,308,468	-	4,308,468
		144,822,158	422,510,812	144,822,158	422,510,812
Provision for inventories	16.1	(14,804,613)	(21,751,815)	(14,804,613)	(21,751,815)
		130,017,545	400,758,997	130,017,545	400,758,997
16.1 Provision for inventories					
Balance as at 01st April		21,751,815	-	21,751,815	-
Provision for the year		(6,947,202)	21,751,815	(6,947,202)	21,751,815
Balance as at 31st March		14,804,613	21,751,815	14,804,613	21,751,815

17. FINANCIAL ASSETS

17.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31st March	2025			2024		
	No. of shares	Cost Rs.	Market value Rs.	No. of shares	Cost Rs.	Market value Rs.
Group						
Muller & Phipps (Ceylon) PLC	105,040	115,544	126,048	105,040	115,544	115,544
Colombo Land Developments PLC	25,000	595,000	560,000	25,000	595,000	442,500
Sanasa Development Bank	19,885	1,638,756	719,837	19,465	1,638,756	632,613
		2,349,300	1,405,885		2,349,300	1,190,657
Company						
Muller & Phipps (Ceylon) PLC	105,040	115,544	126,048	105,040	115,544	115,544
Colombo Land Developments PLC	25,000	595,000	560,000	25,000	595,000	442,500
Sanasa Development Bank	19,885	1,638,756	719,837	19,465	1,638,756	632,613
		2,349,300	1,405,885		2,349,300	1,190,657

17.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
NDB Wealth Management	7,078,053	634,164	7,078,053	634,164
	7,078,053	634,164	7,078,053	634,164
Total Financial Assets	8,483,938	1,824,821	8,483,938	1,824,821

18. TRADE RECEIVABLES

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Trade debtors - Export		377,775,923	331,743,216	377,775,923	331,743,216
Trade debtors - Local		16,819,156	12,902,688	16,819,156	12,902,688
Provision for impairment losses	18.2	(41,287,171)	(43,112,971)	(41,287,171)	(43,112,971)
		353,307,908	301,532,933	353,307,908	301,532,933

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
18.1 **Trade debtors - Intercompany**				
Citrus Silver Ltd	300,192	688,645	300,192	688,645
George Steuart Consumer (Pvt) Ltd	6,524,501	7,385,392	6,524,501	7,385,392
Waskaduwa Beach Resort PLC	-	520,739	-	520,739
	6,824,693	8,594,776	6,824,693	8,594,776

As at 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
18.2 Provision for impairment losses				
Balance as at 1st April	43,112,971	14,287,396	43,112,971	14,287,396
Provision for the year	(1,825,800)	28,825,575	(1,825,800)	28,825,575
Balance as at 31st March	41,287,171	43,112,971	41,287,171	43,112,971

19. AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	Nature of relationship	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
HVA Holdings (Pvt) Ltd	Subsidiary	-	-	453,297	359,502
Citrus Silver Ltd	Affiliate	2,174,770	1,935,125	2,174,770	1,935,125
		2,174,770	1,935,125	2,628,067	2,294,627

20 PREPAYMENTS AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Other taxes recoverable	904,789	4,067,939	904,789	4,067,939
Prepayment	13,539,771	11,560,890	13,539,771	11,560,890
	14,444,560	15,628,829	14,444,560	15,628,829

21. DEPOSITS AND ADVANCES

As at 31st March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Advances	23,316,523	39,002,384	23,316,523	39,002,384
Deposits	2,962,472	2,915,960	2,962,472	2,915,960
	26,278,995	41,918,344	26,278,995	41,918,344

22. CASH AND CASH EQUIVALENTS

	As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
22.1	**Short-term deposits**				
	Exports margin accounts	14,055	7,266,145	14,055	7,266,145
		14,055	7,266,145	14,055	7,266,145
22.2	**Favourable balances**				
	Cash at banks (USD)	12,540,348	1,515,508	12,540,348	1,515,508
	Cash at banks (EUR)	2,576,790	167,324	2,576,790	167,324
	Cash at banks (LKR)	29,138,409	19,819,726	29,138,409	19,819,726
	Cash in hand and cheques in hand	167,420	147,754	167,420	147,754
	Total favourable balances	44,422,967	21,650,312	44,422,967	21,650,312
	Total short-term deposits and favorable balances	44,437,022	28,916,457	44,437,022	28,916,457
22.3	**Unfavourable balances/overdrafts**				
	Bank overdrafts	146,884,921	129,943,130	146,884,921	129,943,130
	Cash and cash equivalents for the purpose of statement of cashflows	(102,447,899)	(101,026,673)	(102,447,899)	(101,026,673)

23. STATED CAPITAL

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 1st April	582,965,063	582,965,063	582,965,063	582,965,063
Issued during the year	372,000,496	-	372,000,496	-
Balance as at 31st March	954,965,559	**582,965,063**	954,965,559	**582,965,063**
	Nos.	**Nos.**	**Nos.**	**Nos.**
Shares as at 1st April	116,250,155	116,250,155	116,250,155	116,250,155
Issued during the year	128,276,033	-	128,276,033	-
Shares as at 31st March	244,526,188	116,250,155	244,526,188	**116,250,155**

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

Right Issue of shares

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

The Utilisation of Right Issue funds is shown in the below table.

Objective Number	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilised against allocation (B /(A)	Clarification if not fully utilised including if not utilised where are the funds invested (e.g. whether lent to related parties)
1	Settle part of the loans obtained from George Steuart and Company Limited	The amount equivalent to the entitlement of George Steuart and Company Limited Rs.249,622,326.40 will be utilised to settle part of the related party loan, and the balance related party loan outstanding of LKR 89,812,165.60 up to 31st May 2024 will be settled to the extent that George Steuart and Company Limited is required to subscribe further.	Immediately upon the Allotment of New Shares on the Rights Issue	327,076,994.60	87.92%	327,076,994.60	100%	N/A
2	Settle part of the Bank borrowings of the Company	The totality of sums raised through the Minority Shareholders shall be applied to settle part of the Bank Loans. And the settlement will be a minimum of LKR 32,566,004.00 up to a maximum of LKR 122,378,169.60	Immediately upon the Allotment of New Shares on the Rights Issue	44,923,501.10	12.08%	44,923,501.10	100%	N/A

24. REVALUATION RESERVE

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01st April	15,013,718	15,013,718	15,013,718	15,013,718
Balance as at 31st March	15,013,718	15,013,718	15,013,718	15,013,718

25. ACCUMULATED LOSSES

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01st April	(900,904,011)	(573,046,322)	(900,446,505)	(572,698,793)
Loss for the year	(139,930,381)	(326,229,964)	(139,833,586)	(326,119,987)
Actuarial gain on retirement benefit obligation	580,162	(2,330,019)	580,162	(2,330,019)
Deferred tax on actuarial gain on retirement benefit obligations	(524,957)	702,294	(524,957)	702,294
Balance as at 31st March	(1,040,779,187)	(900,904,011)	(1,040,224,886)	(900,446,505)

26. RETIREMENT BENEFITS OBLIGATION

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 1st April	9,881,844	8,582,785	9,881,844	8,582,785
Interest cost for the year	1,087,003	1,373,245	1,087,003	1,373,245
Current service cost for the year	2,139,232	1,317,212	2,139,232	1,317,212
Gratuity paid during the year	(245,709)	(3,721,417)	(245,709)	(3,721,417)
Actuarial (gain) / loss	(580,162)	2,330,019	(580,162)	2,330,019
Balance as at 31st March	12,282,207	9,881,844	12,282,207	9,881,844

26.1 Expenses recognised in comprehensive income statement

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Current service cost	2,139,232	1,317,212	2,139,232	1,317,212
Interest cost	1,087,003	1,373,245	1,087,003	1,373,245
	3,226,235	2,690,457	3,226,235	2,690,457

26.2 Actuarial (gain) / loss

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Actuarial (gain) / loss on obligation				
Due to change in demographic assumptions	(363,230)	(51,995)	(363,230)	(51,995)
Due to change in financial assumptions	(316,448)	1,787,265	(316,448)	1,787,265
Due to experience adjustment	99,516	594,749	99,516	594,749
	(580,162)	2,330,019	(580,162)	2,330,019

Actuarial (gain) / loss recognised in other comprehensive income

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Actuarial (gain) / loss	(580,162)	2,330,019	(580,162)	2,330,019
	(580,162)	2,330,019	(580,162)	2,330,019

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

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

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Demographic Assumptions				
Retirement Age	60 Years	60 Years	60 Years	60 Years
Financial Assumptions				
Discount rate	11.50%	11.00%	11.50%	11.00%
Future salary increases	10.00%	10.00%	10.00%	10.00%
Staff Turnover	15.00%	19.00%	15.00%	19.00%

26.3 Sensitivity of assumptions employed in actuarial valuation

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

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

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
1% increase in discount rate	(621,732)	(419,756)	(621,732)	(419,756)
1% decrease in discount rate	686,650	458,807	686,650	458,807
1% increase in salary escalation rate	744,107	503,091	744,107	503,091
1% decrease in salary escalation rate	(684,190)	(467,841)	(684,190)	(467,841)

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

For the year ended 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Years From the Current Period				
1st Following Year	1,574,791	1,626,864	1,574,791	1,626,864
2nd Following Year	1,486,805	1,401,537	1,486,805	1,401,537
3rd Following Year	1,294,947	1,250,500	1,294,947	1,250,500
4th Following Year	1,144,574	1,045,187	1,144,574	1,045,187
5th Following Year	985,311	865,500	985,311	865,500
Between 5 and 11 years	3,805,970	2,629,938	3,805,970	2,629,938
Sum of years 11 and above	1,989,809	1,062,318	1,989,809	1,062,318
	12,282,207	9,881,844	12,282,207	9,881,844
Weighted Average Duration of Defined Benefit Obligation (Years)	6	5	6	5

27. INTEREST BEARING LOANS AND BORROWINGS

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
27.1 Non-current liabilities					
27.1.1 Secured term loans					
Balance as at 01st April		477,554,800	546,046,098	477,554,800	546,046,098
Repayments during the year		(107,155,281)	(53,006,400)	(107,155,281)	(53,006,400)
		370,399,519	493,039,698	370,399,519	493,039,698
Effect of movements in foreign exchange		(399,519)	(15,484,898)	(399,519)	(15,484,898)
Balance as at 31st March		370,000,000	477,554,800	370,000,000	477,554,800
Transferred to current liabilities		(168,000,000)	(114,194,059)	(168,000,000)	(114,194,059)
Secured term loans - Non-current borrowings	(a)	202,000,000	363,360,741	202,000,000	363,360,741
Repayable within one year		168,000,000	114,194,059	168,000,000	114,194,059
Repayable between one and five years		202,000,000	363,360,741	202,000,000	363,360,741
Balance as at 31st March		370,000,000	477,554,800	370,000,000	477,554,800
27.1.2. Finance lease obligations					
Balance as at 01st April		4,821,582	5,353,291	4,821,582	5,353,291
Repayments during the year		(750,656)	(531,709)	(750,656)	(531,709)
Balance as at 31st March		4,070,926	4,821,582	4,070,926	4,821,582
Transferred to current liabilities		(2,325,595)	(2,325,600)	(2,325,595)	(2,325,600)
Finance lease obligations - non-current borrowings	(b)	1,745,331	2,495,982	1,745,331	2,495,982
Finance lease obligations repayable within one year					
Gross liability		750,656	531,634	750,656	531,634
Finance charges		1,574,939	1,793,966	1,574,939	1,793,966
Net lease obligation		2,325,595	2,325,600	2,325,595	2,325,600
Finance lease obligations repayable between one and five years					
Gross liability		748,002	1,588,352	748,002	1,588,352
Finance charges		997,329	907,630	997,329	907,630
Net lease obligation		1,745,331	2,495,982	1,745,331	2,495,982
Total non-current borrowings	(a)+(b)	203,745,331	365,856,723	203,745,331	365,856,723

27. INTEREST BEARING LOANS AND BORROWINGS (CONTD....)

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
27.2 Current liabilities					
Bill discounting		68,227,343	-	68,227,343	-
Packing credit loans and Short-term loans		394,347,876	371,394,699	394,347,876	371,394,699
Secured term loans - repayable within one year		168,000,000	114,194,059	168,000,000	114,194,059
Finance lease obligations - repayable within one year		2,325,595	2,325,600	2,325,595	2,325,600
		632,900,814	487,914,358	632,900,814	487,914,358

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

28. GOVERNMENT GRANTS

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 1st April	7,765,726	8,875,126	7,765,726	8,875,126
Recognised in profit or loss during the year	(1,109,400)	(1,109,400)	(1,109,400)	(1,109,400)
Balance as at 31st March	6,656,326	7,765,726	6,656,326	7,765,726
Amounts expected to be recognised after one year	5,546,926	6,656,326	5,546,926	6,656,326
Amounts expected to be recognised within one year	1,109,400	1,109,400	1,109,400	1,109,400
	6,656,326	7,765,726	6,656,326	7,765,726

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

29. DEFERRED TAX LIABILITIES/(ASSETS)

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01st April	(197,243,520)	(194,360,608)	(197,243,520)	(194,360,608)
Origination in profit or loss	250,236	(2,180,618)	250,236	(2,180,618)
Recognised in other comprehensive income	524,957	(702,294)	524,957	(702,294)
Balance as at 31st March	(196,468,326)	(197,243,520)	(196,468,326)	(197,243,520)

Deferred tax provision / reversal for the year

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

Reversal and (origination) of temporary differences

As at 31st March	Group			
	2025		2024	
	Temporary difference Rs.	Tax Rs.	Temporary difference Rs.	Tax Rs.
Deferred tax assets				
Retirement benefit obligations	12,282,207	3,684,662	9,881,844	2,964,553
Carried forward tax losses	672,284,442	201,685,332	672,284,442	201,685,333
Adjustment on thin capitalisation	-	-	-	-
	684,566,649	205,369,994	682,166,286	204,649,886
Deferred tax liabilities				
Property, plant and equipment	11,564,269	3,469,281	6,579,931	1,973,979
Revaluation reserve	18,107,956	5,432,387	18,107,956	5,432,387
	29,672,225	8,901,668	24,687,887	7,406,366
Net deferred tax assets	654,894,424	196,468,326	657,478,399	197,243,520

As at 31st March	Company			
	2025		2024	
	Temporary difference Rs.	Tax Rs.	Temporary difference Rs.	Tax Rs.
Deferred tax assets				
Retirement benefit obligations	12,282,207	3,684,662	9,881,844	2,964,553
Carried forward tax losses	672,284,442	201,685,332	672,284,442	201,685,333
	684,566,649	205,369,994	682,166,286	204,649,886
Deferred tax liabilities				
Property, plant and equipment	11,564,269	3,469,281	6,579,931	1,973,979
Revaluation reserve	18,107,956	5,432,387	18,107,956	5,432,387
	29,672,225	8,901,668	24,687,887	7,406,366
Net deferred tax asset	654,894,424	196,468,326	657,478,399	197,243,520

Movement in deferred tax balance during the year

As at 31st March	Balance as at 31st March 2024 Rs.	Recognised in profit or loss Rs.	Recognised in OCI Rs.	Balance as at 31st March 2025 Rs.
Retirement benefit obligations	2,964,553	1,245,066	(524,957)	3,684,662
Property, plant and equipment	(1,973,979)	(1,495,302)	-	(3,469,281)
Revaluation reserve	(5,432,387)	-	-	(5,432,387)
Carried forward tax losses	201,685,332	-	-	201,685,332
Net deferred tax asset	197,243,520	(250,236)	(524,957)	196,468,326

As per the amendment to the Inland Revenue Act No. 24 of 2017 which was effective from 01st October 2022, the applicable income tax rate of the Company is 30%. Accordingly, 30% has been used in computing the deferred tax since that rate has been substantively enacted as at 31st March 2025.

	As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
30.	**TRADE PAYABLE**					
	Tea creditors		-	12,565	-	12,565
	Trade Payables - Inter Company	30.1	1,680,451	1,650,000	1,680,451	1,650,000
	Packing material creditors		68,547,668	53,695,431	68,547,668	53,695,431
	Flavour creditors		2,537,663	6,120,733	2,537,663	6,120,733
			72,765,782	61,478,729	72,765,782	61,478,729
30.1	**Trade Payables - Inter Company**					
	George Steuart Consumer (Pvt) Ltd		7,951	-	7,951	-
	George Steuart & Company		1,672,500	1,650,000	1,672,500	1,650,000
			1,680,451	1,650,000	1,680,451	1,650,000
31.	**DEPOSITS AND ADVANCES**					
	Advances and deposits from customers		2,870,904	204,629,178	2,870,904	204,629,178
			2,870,904	204,629,178	2,870,904	204,629,178
32.	**ACCRUED EXPENSES AND OTHER PAYABLES**					
	Salary and related expenses payable		-	419,542	-	419,542
	Freight creditors		14,851,893	11,188,070	14,851,893	11,188,070
	Other payables - Related parties	32.1	13,501,478	12,960,285	13,501,478	12,960,285
	Other payables		54,692,784	55,319,666	54,652,784	55,282,666
			83,046,155	79,887,563	83,006,155	79,850,563
32.1	**Other Payables- Related Parties**					
	George Steuart Travels (Pvt) Ltd		164,700	1,792,847	164,700	1,792,847
	Citrus Silver Limited		431,497	752,904	431,497	752,904
	George Steuart Optimize (Pvt) Ltd		12,905,281	10,414,534	12,905,281	10,414,534
			13,501,478	12,960,285	13,501,478	12,960,285

33. AMOUNT DUE TO RELATED PARTIES

As at 31st March	Nature of relationship	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
George Steuart & Company Ltd	Parent	40,788,415	311,107,912	40,788,415	311,107,912
		40,788,415	311,107,912	40,788,415	311,107,912

34. RISK MANAGEMENT

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

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

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

Risk management framework

The Board of Directors holds overall responsibility for establishing and overseeing the Group's risk management framework. The Group's risk management policies are designed to identify, assess, and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor risk levels and adherence to those limits. These policies and systems are reviewed regularly to ensure they remain aligned with changes in market conditions and the Group's activities.

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

34.1 Credit risk

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

Exposure to credit risk

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

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Carrying amount				
Trade receivables	394,595,079	344,645,904	394,595,079	344,645,904
Cash and cash equivalents	44,437,022	28,916,457	44,437,022	28,916,457
Financial assets	8,483,938	1,824,821	8,483,938	1,824,821
Deposits	26,278,995	41,918,344	26,278,995	41,918,344
Amounts due from related party	2,174,770	1,935,125	2,628,067	2,294,627
	475,969,804	419,240,651	476,423,101	419,600,153

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

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

Domestic	16,819,156	12,902,688	16,819,156	12,902,688
Russia and the CIS States	57,062,549	31,288,652	57,062,549	31,288,652
Far East /Asia	71,489,760	91,827,095	71,489,760	91,827,095
Europe	191,899,488	123,463,710	191,899,488	123,463,710
USA / Canada	23,870,360	25,223,486	23,870,360	25,223,486
Middle East and Africa	33,453,766	59,940,273	33,453,766	59,940,273
	394,595,079	344,645,904	394,595,079	344,645,904

34. RISK MANAGEMENT (CONTD….)

Impairment losses

The ageing of trade receivables at the reporting date was;

As at 31st March	Gross 2025 Rs.	Impairment 2025 Rs.	Gross 2024 Rs.	Impairment 2024 Rs.
Group				
Not past due	256,683,332	-	260,845,690	-
Past due 60-90 days	26,169,340	-	341,495	-
Past due 91-120 days	59,354,780	-	15,388,035	-
Past due 121-365 days	17,546,023	-	28,561,582	-
Past due more than 365 days	34,841,604	41,287,171	39,509,102	43,112,971
	394,595,079	41,287,171	344,645,904	43,112,971
Company				
Not past due	256,683,332	-	260,845,690	-
Past due 60-90 days	26,169,340	-	341,495	-
Past due 91-120 days	59,354,780	-	15,388,035	-
Past due 121-365 days	17,546,023	-	28,561,582	-
Past due more than 365 days	34,841,604	41,287,171	39,509,102	43,112,971
	394,595,079	41,287,171	344,645,904	43,112,971

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

34.2 Liquidity risk

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

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

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

As at 31st March	Carrying amount Rs.	Contractual amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
Group				
31st March 2025				
Non-derivative financial assets				
Trade receivables	353,307,908	353,307,908	353,307,908	-
Amounts due from related parties	2,174,770	2,174,770	2,174,770	-
Financial assets	8,483,938	8,483,938	8,483,938	-
Cash and cash equivalents	44,437,022	44,437,022	44,437,022	-
	408,403,638	408,403,638	408,403,638	-
Non-derivative financial liabilities				
Trade payables	72,765,782	72,765,782	72,765,782	-
Amount due to related parties	40,788,415	40,788,415	40,788,415	-
Bank overdraft	146,884,921	146,884,921	146,884,921	-
Interest bearing loans and borrowings	836,646,145	836,646,145	632,900,814	203,745,331
	1,097,085,263	1,097,085,263	893,339,932	203,745,331

As at 31st March	Carrying amount Rs.	Contractual amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
31st March 2024				
Non-derivative financial assets				
Trade receivables	301,532,933	301,532,933	301,532,933	-
Amounts due from related parties	1,935,125	1,935,125	1,935,125	-
Financial assets	1,824,821	1,824,821	1,824,821	-
Cash and cash equivalents	28,916,457	28,916,457	28,916,457	-
	334,209,336	334,209,336	334,209,336	-
Non-derivative financial liabilities				
Trade payables	61,478,729	61,478,729	61,478,729	-
Amount due to related parties	311,107,912	311,107,912	311,107,912	-
Bank overdraft	129,943,130	129,943,130	129,943,130	-
Interest bearing loans and borrowings	853,771,081	853,771,081	487,914,358	365,856,723
	1,356,300,852	1,356,300,852	990,444,129	365,856,723
Company				
31st March 2025				
Non-derivative financial assets				
Trade receivables	353,307,908	353,307,908	353,307,908	-
Amounts due from related parties	2,628,067	2,628,067	2,628,067	-
Financial assets	8,483,938	8,483,938	8,483,938	-
Cash and cash equivalents	44,437,022	44,437,022	44,437,022	-
	408,856,935	408,856,935	408,856,935	-
Non-derivative financial liabilities				
Trade payables	72,765,782	72,765,782	72,765,782	-
Amount due to related parties	40,788,415	40,788,415	40,788,415	-
Bank overdraft	146,884,921	146,884,921	146,884,921	-
Interest bearing loans and borrowings	836,646,145	836,646,145	632,900,814	203,745,331
	1,097,085,263	1,097,085,263	893,339,932	203,745,331
31st March 2024				
Non-derivative financial assets				
Trade receivables	301,532,933	301,532,933	301,532,933	-
Amounts due from related parties	2,294,627	2,294,627	2,294,627	-
Financial assets	1,824,821	1,824,821	1,824,821	-
Cash and cash equivalents	28,916,457	28,916,457	28,916,457	-
	334,568,838	334,568,838	334,568,838	-
Non-derivative financial liabilities				
Trade payables	61,478,729	61,478,729	61,478,729	-
Amount due to related parties	311,107,912	311,107,912	311,107,912	-
Bank overdraft	129,943,130	129,943,130	129,943,130	-
Interest bearing loans and borrowings	853,771,081	853,771,081	487,914,358	365,856,723
	1,356,300,852	1,356,300,852	990,444,129	365,856,723

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

34. FINANCIAL INSTRUMENTS (CONTD….)

34.3 Market risk

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

» Currency risk

» Interest rate risk

» Equity price risk

34.3.1 Currency risk

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

Exposure to currency risk

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

Group

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

As at 31st March	31 March 2024			
	LKR	USD	SGD	EURO
Trade receivable	12,902,688	695,960	92,810	313,525
Trade payable	17,867,732	145,158	-	-

Company

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

As at 31st March	31 March 2024			
	LKR	USD	SGD	EURO
Trade receivable	12,902,688	695,960	92,810	313,525
Trade payable	17,867,732	145,158	-	-

The following significant exchange rates were applied during the year.

As at 31st March	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
USD	296	300	296	300
SGD	221	223	221	223
EURO	320	325	320	325

Foreign currency sensitivity

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

As at 31st March	2025		2024	
	Amount in foreign currency Rs.	LKR amount Rs.	Amount in foreign currency Rs.	LKR amount Rs.
Group				
USD assets	676,050	200,329,783	749,901	225,298,969
Euro assets	541,535	173,170,372	314,040	102,130,438
SGD assets	87,810	19,406,959	92,810	20,687,127
Total foreign currency denominated assets	1,305,395	392,907,114	1,156,751	348,116,534
Impact on PBT				
5% strengthening of Rupee		(19,645,356)		(17,405,827)
5% weakening of Rupee		19,645,356		17,405,827
Company				
USD assets	676,050	200,329,783	749,901	225,298,969
Euro assets	541,535	173,170,372	314,040	102,130,438
SGD assets	87,810	19,406,959	92,810	20,687,127
Total foreign currency denominated assets	1,305,395	392,907,114	1,156,751	348,116,534
Impact on PBT				
5% strengthening of Rupee		(19,645,356)		(17,405,827)
5% weakening of Rupee		19,645,356		17,405,827

34.3.2 Interest rate risk

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

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

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

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Variable rate instruments				
Financial liabilities	370,000,000	477,554,800	370,000,000	477,554,800
	370,000,000	477,554,800	370,000,000	477,554,800

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

34. FINANCIAL INSTRUMENTS (CONTD….)

Increase/decrease in interest rate

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

Increase/decrease in interest rate

As at 31st March	2024 Effect on profit before tax	
	Group Rs.	Company Rs.
100 bp increase	(4,775,548)	(4,775,548)
100 bp decrease	4,775,548	4,775,548

34.3.3 Equity price risk

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

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

- Equity investment decisions are based on fundamentals rather than speculation.
- Decisions are informed by in-depth industry and macroeconomic analysis, alongside research reports on the Group's performance.

Group

The table below illustrates the diversification of the Group's equity investments:

As at 31st March	2025 Rs.	2024 Rs.
Trading Share		
Quoted equity securities	1,405,885	1,190,657

Sensitivity analysis

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

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

As at 31st March	Change in year share price of all Companies in which the Group has invested	Effect on profit before tax as a result of gain/losses on equity securities classified as at FVTPL Rs.
Investment in equity shares	+5%	70,294
	-5%	(70,294)

34.4 Operational Risk

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

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

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

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

34.5 Capital management

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

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

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

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
For the year ended 31st March				
Total liabilities	**1,201,940,855**	1,658,465,163	**1,201,900,855**	1,658,428,163
Less: Cash and cash equivalents	**(44,437,022)**	(28,916,457)	**(44,437,022)**	(28,916,457)
Net debt	**1,157,503,833**	1,629,548,706	**1,157,463,833**	1,629,511,706
Total equity	**(70,799,910)**	(302,925,231)	**(70,245,609)**	(302,467,725)
Debt to adjusted capital ratio as at 31st March	**-1635%**	-538%	**-1648%**	-539%

35. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

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

Group

As at 31st March	Financial assets measured at fair value through profit or loss Rs.	Financial assets measured at amortised cost Rs.	Other financial liabilities at amortised cost Rs.	Total Rs.
2025				
Financial assets				
Financial investments	1,405,885	7,078,053	-	8,483,938
Trade receivable	-	353,307,908	-	353,307,908
Amounts due from related parties	-	2,174,770	-	2,174,770
Deposits	-	26,278,995	-	26,278,995
Cash and cash equivalents	-	44,437,022	-	44,437,022
	1,405,885	433,276,748	-	434,682,633
Financial liabilities				
Borrowings	-	-	836,646,145	836,646,145
Trade payable	-	-	72,765,782	72,765,782
Amount due to related parties	-	-	40,788,415	40,788,415
Other payables	-	-	85,917,059	85,917,059
Bank overdraft	-	-	146,884,921	146,884,921
	-	-	1,183,002,322	1,183,002,322
2024				
Financial assets				
Financial investments	1,190,657	634,164	-	1,824,821
Trade receivables	-	301,532,933	-	301,532,933
Amounts due from related parties	-	2,294,627	-	2,294,627
Deposits	-	41,918,344	-	41,918,344
Cash and cash equivalents	-	28,916,457	-	28,916,457
	1,190,657	375,296,525	-	376,487,182
Financial liabilities				
Borrowings	-	-	853,771,081	853,771,081
Trade payable	-	-	61,478,729	61,478,729
Amount due to related parties	-	-	311,107,912	311,107,912
Other payable	-	-	284,516,741	284,516,741
Bank overdraft	-	-	129,943,130	129,943,130
	-	-	1,640,817,593	1,640,817,593

Company

As at 31st March	Financial assets measured at fair value through profit or loss Rs.	Financial assets measured at amortised cost Rs.	Other financial liabilities at amortised cost Rs.	Total Rs.
2025				
Financial assets				
Financial investments	1,405,885	7,078,053	-	8,483,938
Trade receivable	-	353,307,908	-	353,307,908
Amounts due from related parties	-	2,628,067	-	2,628,067
Deposits	-	26,278,995	-	26,278,995
Cash and cash equivalents	-	44,437,022	-	44,437,022
	1,405,885	433,730,045	-	435,135,930
Financial liabilities				
Borrowings	-	-	836,646,145	836,646,145
Trade payable	-	-	72,765,782	72,765,782
Amount due to related parties	-	-	40,788,415	40,788,415
Other payables	-	-	85,877,059	85,877,059
Bank overdraft	-	-	146,884,921	146,884,921
	-	-	1,182,962,322	1,182,962,322
2024				
Financial assets				
Financial investments	1,190,657	634,164	-	1,824,821
Trade receivable	-	301,532,933	-	301,532,933
Amounts due from related parties	-	2,294,627	-	2,294,627
Deposits	-	41,918,344	-	41,918,344
Cash and cash equivalents	-	28,916,457	-	28,916,457
	1,190,657	375,296,525	-	376,487,182
Financial liabilities				
Borrowings	-	-	853,771,081	853,771,081
Trade payables	-	-	61,478,729	61,478,729
Amount due to related parties	-	-	311,107,912	311,107,912
Other payables	-	-	284,479,741	284,479,741
Bank overdraft	-	-	129,943,130	129,943,130
	-	-	1,640,780,593	1,640,780,593

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

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

35.2 Fair value hierarchy for assets carried at fair value

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

As at 31st March	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Group					
2025					
Financial assets - Fair value through profit or loss	17.1	1,405,885	-	-	1,405,885
Freehold land and building	12	-	-	4,342,000	4,342,000
Plant & Machinery	12	-	-	13,044,342	13,044,342
2024					
Financial assets - Fair value through profit or loss	17.1	1,190,657	-	-	1,190,657
Freehold land and building	12	-	-	4,342,000	4,342,000
Plant & Machinery	12	-	-	17,269,436	17,269,436
Company					
2025					
Financial assets - Fair value through profit or loss	17.1	1,405,885	-	-	1,405,885
Freehold land and building	12	-	-	4,342,000	4,342,000
Plant & Machinery	12	-	-	13,044,342	13,044,342
2024					
Financial assets - Fair value through profit or loss	17.1	1,190,657	-	-	1,190,657
Freehold land and building	12	-	-	4,342,000	4,342,000
Plant & Machinery	12	-	-	17,269,436	17,269,436

36 RELATED PARTY DISCLOSURE

36.1 Parent and ultimate controlling party

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

36.2 Transactions with key management personnel

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

36.2.1 Key management personnel compensation

For the year ended 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Short Term benefits Cash	20,580,419	10,205,000	20,580,419	10,205,000
Post Employment Benefits	2,160,000	1,072,500	2,160,000	1,072,500
Total	22,740,419	11,277,500	22,740,419	11,277,500

36.3 Transactions with group companies

36.3.1 Transactions with group companies

The Company did not enter into any non-recurrent transactions, and the totals of recurrent transactions did not exceed the threshold limits.

36.3.2 Recurrent related party transactions

For the year ended 31st March		Transaction amount 2025 Rs.	Transaction amount 2024 Rs.	Balance due from / (due to) 2025 Rs.	Balance due from / (due to) 2024 Rs.
a. Company	**George Steuart & Company Ltd**				
Directors	Mr. S. A. Amaresekere				
	Mrs. V.S.A. Fernando				
Relationship	Parent company				
Nature of transaction	Loan received	(41,750,000)	(591,000,000)	-	-
	Loan repayments	315,000,000	330,000,000	-	-
	Interest charged	(16,091,390)	(20,191,748)	-	-
	Interest paid	13,160,888	83,836	-	-
	Reimbursement of expenses	245,500	-	-	-
	Payment for Reimbursement of expenses	7,000	-	-	-
	Service fee	(351,107)	(3,821,059)	-	-
	Payments for service fee	76,107	2,171,059	-	-
	Payment received for local sale	-	-	(42,460,915)	(312,757,912)
b. Company	**H V A Holdings (Pvt) Ltd**				
Directors	Mrs. V.S.A. Fernando				
	Mr. S. A. Ameresekere				
Relationship	Common directors /Subsidiary				
Nature of transaction	Receipts for expenses and other transactions	93,795	93,862	453,297	359,502
c. Company	**George Steuart Optimize (Pvt) Ltd**				
Relationship	Affiliate				
	IT services	(5,842,808)	17,026,070	-	-
	Payments for IT services	3,352,061	(8,194,752)	-	-
	Service fee	-	1,071,072	-	-
	Payments for service fee	-	(792,000)	(11,063,381)	(10,414,384)
d. Company	**George Steuart Teas (Pvt) Ltd**				
Relationship	Affiliate				
	Sales of goods	1,054,790	-	-	-
	Payment Received	(1,054,790)	(662,340)	-	-
	Purchase of services	-	(98,976)	-	-
	Payments	-	98,976	-	-

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

36.3 Transactions with group companies (CONTD....)

36.3.2 Recurrent related party transactions (CONTD....)

For the year ended 31st March		Transaction amount 2025 Rs.	Transaction amount 2024 Rs.	Balance due from / (due to) 2025 Rs.	Balance due from / (due to) 2024 Rs.
e. Company	**George Steuart Ethical (Pvt) Ltd (Formerly known as a Seri Naturals (Pvt) Ltd)**				
Directors	Mr. S. A. Ameresekere				
	Mrs. V.S.A. Fernando				
Relationship	Affiliate				
	Payment received	-	(458,067)	-	-
f. Company	**George Steuart Consumer (Pvt) Ltd (Formerly known as a George Steuart Laboratories (Pvt) Ltd)**				
Relationship	Affiliate				
	Sales of goods	31,445,761	20,419,831	-	-
	Receipts	(32,306,651)	(49,206,132)	-	-
	Reimbursements of head office shared expenses	-	914,725	-	-
	Net receipts from reimbursements of head office shared expenses	-	(1,827,735)	-	-
	Purchase of goods	-	(104,771)	-	
	Payments	-	117,907	6,524,502	7,385,392
g. Company	**Citrus Silver Ltd**				
Directors	Mrs. V.S.A. Fernando				
Relationship	Affiliate				
	Reimbursements of tea café expenses	6,908,455	7,502,343	-	-
	Net Receipts and re-imbursement of tea expenses and other transactions	(6,668,809)	(8,235,171)	-	-
	Sale of goods	1,200,461	2,539,753	-	-
	Receipts	(1,588,915)	(2,467,890)	-	-
	Goods purchase	(308,506)	(946,166)	-	-
	Payment for purchases	629,912	540,071	2,043,464	1,870,866
h. Company	**George Steuart Travels (Pvt) Ltd**				
Relationship	Affiliate				
	Sales of goods	-	-	-	-
	Receipts	-	-	-	-
	Purchase of goods	(3,412,007)	(8,262,939)	-	-
	Payments	5,040,154	6,470,092	(164,700)	(1,792,847)

For the year ended 31 March			Transaction amount 2025 Rs.	Transaction amount 2024 Rs.	Balance due from / (due to) 2025 Rs.	Balance due from / (due to) 2024 Rs.
i.	**Company**	**Hikkaduwa Beach Resort PLC**				
	Directors	S.A. Ameresekere				
	Relationship	Common directors				
		Fixed Assets Sale	-	-	-	-
		Payment received - PPE Sale	-	(23,000)	-	-
		Sale of goods	-	314,193	-	-
		Receipts	-	(349,811)	-	-
j.	**Company**	**Waskaduwa Beach Resort PLC**				
	Directors	S. A. Ameresekere				
		Ms. V.S.A. Fernando				
	Relationship	Common directors				
		Sale of goods	1,408,333	2,211,904	-	-
		Receipts	(1,929,073)	(1,878,369)	-	520,739

36.4 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms. The sales to, and purchases from related parties are made on terms equivalents to those that prevail in arm's length transactions.

37. COMMITMENTS AND CONTINGENCIES

As at the reporting date, there are no material commitments or contingencies that require adjustment to, or disclosure in, the Financial Statements.

38. EVENTS AFTER THE REPORTING DATE

There have been no other events subsequent to the balance sheet date, which require disclosure in these financial statements other than what is disclosed below.

Subsequent to the reporting date, the bank agreed to revise the monthly capital repayment of its existing Term Loan facility, effective 01 April 2025, reducing it from LKR 14mn per month to LKR 7mn per month. As at 31 March 2025, the Term Loan balance of LKR 370 million was classified under current liabilities and non-current liabilities based on the original offer letter in hand. Upon receiving the revised offer letter this will be reclassified from 1st April 2025 onwards.

NOTES TO THE FINANCIAL STATEMENTS

39. GOING CONCERN

The Board of Directors of the Company / Group has determined that the use of going concern assumption in the preparation of Financial Statements as at 31st March 2025 is appropriate based on the following factors.

39.1 Company

The Company reported a net loss of Rs. 139,833,586 for the year ended 31st March 2025 (2024: net loss of Rs. 326,119,987). As at that date, the Company's current liabilities exceeded its current assets by Rs. 400,728,356 (2024: Rs. 483,158,262). The Company's net assets were negative at Rs. 70,245,609 as at the reporting date an improvement from the negative net assets of Rs. 302,467,724. Accordingly, the Company's net assets remain less than half of its stated capital, resulting in a situation governed by Section 220 of the Companies Act No. 07 of 2007.

However, notwithstanding the above financial position, the Board of Directors has determined that the use of the going concern assumption in the preparation of the Company's Financial Statements for the year ended 31st March 2025 is appropriate, based on the following factors:

a) The Company's cash flow forecast for the next 12 months indicates sufficient liquidity to support ongoing operations.

b) Assurance continued financial and operational support from the parent company, George Steuart & Company Ltd.

c) The Company's ability to meet its obligations, including outstanding bank loans, lease rentals, statutory dues, and other liabilities, as and when they fall due.

d) The Company has reduced its heavy reliance on the Russian market by diversifying its market portfolio to include regions such as Europe and the Far East, achieved through the acquisition of new customers. Additionally, the Company has launched several successful new product developments—including a Wellness Range, Moringa Range, King Coconut Water with Tea Extracts, Tea Extracts, and Tea Syrups—which have already commenced export operations.

(e) The recent launch of the new herb distribution business, positions the Company to potentially capture a substantial portion of the market share.

The Company has implemented rigorous strategies to increase sales volumes in new territories and is actively investing in research and development to introduce new product ranges for both existing and potential customers. These initiatives are aimed at reducing operational losses and, consequently, accumulated losses. In addition, the warehouse workflow has been redesigned to maintain minimum stock levels, thereby improving liquidity. To further strengthen the Company's financial position, Management has undertaken several key measures, including the restructuring of long-term borrowings and the extension of current tenor periods with lending institutions.

As a result of the above initiatives, Management firmly believes that the Company will be able to continue as a going concern into the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis, without the need for any adjustments.

39.2 Group

The Group reported a net loss of Rs. 139,930,381 for the year ended 31st March 2025, compared to a net loss of Rs. 326,229,964 in 2024. As at that date, the Group's current liabilities exceeded its current assets by Rs. 401,221,653 (2024: Rs. 483,554,764). The Group's net assets were negative Rs. 70,799,910 as of the reporting date, an improvement from the negative Rs. 302,925,230 reported in 2024. However, the Group's net assets remain below half of its stated capital, thereby falling within the provisions of Section 220 of the Companies Act No. 07 of 2007.

HVA Foods PLC is a significant component in the Group. Hence, the Directors of the Group are confident that the financial position of the Group will improve in the future as a result of steps taken by the Company as outlined in Note 39.1 above.

40. ASSETS PLEDGED AS SECURITIES AND FACILITY DETAILS

40.1 ASSETS PLEDGED AS SECURITIES

There were no assets that have been pledged as security for liabilities as at the reporting date.

40.2 FACILITY DETAILS

The following assets of the Company have been pledged as securities for liabilities as at the reporting date.

Lender	Facility type	Security	Interest rate	Amount of facility Rs. /USD	Balance as at 31st March 2025 Rs.	Balance as at 31st March 2024 Rs.
People's Bank	Long-term loan	a). Corporate Guarantee from George Steuart and Company Ltd (parent company)	3 month SOFR+5.0% p.a. or floor rate of 10.0% p.a whichever is higher	USD 350,000	-	37,554,800
National Development Bank PLC	Packing credit loans	a). Corporate guarantee from George Steuart & Company Ltd (parent company)	LKR - AWPLR (W)+1.0% p.a./USD -6.85% p.a./EURO -5% p.a	USD 1,900,000 / LKR 578,000,000/-	244,421,383	212,877,912
	Bill Discouting		LKR - AWPLR (W)+1.0% p.a./USD -6.85% p.a./ EURO -5% p.a		68,227,333	
	Short Term Loans		AWPLR (W) +1.0% p.a.		49,926,499	50,000,000
	Bank Guarantee		Commission -1.5% p.a.		26,000,000	33,000,000
	Long-term loan		10.80% p.a.	LKR 500,000,000	370,000,000	440,000,000
	Overdrfat		AWPLR (W)+1% p.a.	LKR 20,000,000	47,495,788	33,460,995
Hatton National Bank PLC	Packing credit loans	a). Corporate guarantee from George Steuart & Company Ltd (parent company)	USD: 03M SOFR+3.5% LKR: Market rates	USD 1,000,000 or equivalent LKR	-	8,516,783
	Short Term Loans		AWPLR +0.5% p.a. (weekly review)		100,000,000	100,000,000
	Overdrfat		AWPLR +0.5% p.a. (weekly review)	100,000,000	99,288,351	96,482,136

STATEMENT OF DIRECTORS' RESPONSIBILITIES ON FINANCIAL REPORTING

The following statement sets out responsibility of the Directors in relation to the Financial Statements of the Company and its subsidiary prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements are set out in the Report of the Auditors given on pages 64 to 68 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiary as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will be made available to the shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its subsidiary have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the subsidiary.

Financial Statements prepared and presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its subsidiary maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and its subsidiary have been certified by the Head of Finance of the Company, the officer responsible for their preparation as required by the Section 152(1)(b) and they have also been signed by two Directors of the Company as required by Section 152(1)(c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied and all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and its subsidiary as at the reporting date have been paid and where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board of
H V A Foods PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

28th August 2025

INVESTOR INFORMATION

SHARE DISTRIBUTION

Shareholding as at 31st March 2025

From	To	No of Holders	No of Shares	%
1	1,000	2,144	747,951	0.3059
1,001	10,000	976	3,663,286	1.4981
10,001	100,000	327	9,668,825	3.9541
100,001	1,000,000	41	11,112,017	4.5443
Over 1,000,000	-	6	219,334,109	89.6976
		3,494	244,526,188	100.0000

CATEGORIES OF SHAREHOLDERS

From	No of Holders	No of Shares	%
Local Individuals	3,374	23,791,926	9.7298
Local Institutions	102	220,403,086	90.1347
Foreign Individuals	17	105,565	0.0432
Foreign Institutions	1	225,611	0.0923
Total	3,494	244,526,188	100.0000

DIRECTORS' SHAREHOLDING AS AT 31 ST MARCH 2025

From	No of Shares	%
Mrs.V S A Fernando	-	-
Mr. M P D Cooray	-	-
Mr. S A Amarasekere	-	-
Mr. S U Dassanayake	-	-
Mr. S P S Ranatunga	-	-
Mr. C G Stork	-	-

SHARE PRICES FOR THE YEAR

Market price per share	As at 31/03/2025	As at 31/03/2024
Highest during the year	4.50	5.70
Lowest during the year	2.70	3.10
Last Traded	3.50	3.70

INVESTOR INFORMATION

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH 2025

	Name	No of Shares 31.03.2025	% of holding
1	GEORGE STEUART & CO LTD A/C NO 01	202,021,804	82.62
2	HVA LANKA EXPORTS (PRIVATE) LIMITED	11,625,015	4.75
3	MR. A.R.H. FERNANDO	1,747,724	0.72
4	DR. S.M.T.B. SAMARAKOON	1,482,123	0.61
5	SENKADAGALA FINANCE PLC/G.A.M.P.CHANDANA	1,372,413	0.56
6	MR. M.T. RAJAB KHAN	1,085,030	0.44
7	SENKADAGALA FINANCE PLC/S.GOBINATH	1,000,000	0.41
8	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	809,947	0.33
9	MRS. R.M.N. WIJESEKARA	700,000	0.29
10	MR. T.G. THORADENIYA	444,636	0.18
11	MR. M.I.V. FERNANDO	402,545	0.17
12	DIALOG FINANCE PLC/S.D.DIVAKARAGE	400,193	0.16
13	POLGAHAWELA SANASA SOCIETIES UNION LTD	400,000	0.16
14	MR. J.A.M. JIFFRY	400,000	0.16
15	MR. H.A. NASAR	381,673	0.16
16	MR. S.M. NAZEER & MRS. M.A.K. SAMSUNNISA	329,205	0.14
17	MRS. K.T.A. PERERA	315,517	0.13
18	LAKE DRIVE HOLDINGS (PRIVATE) LIMITED	309,522	0.13
19	MR. R.E. RAMBUKWELLE	291,000	0.12
20	ASSETLINE FINANCE LTD/P.B.C. VIDURANGA	290,468	0.12
SUB TOTAL		225,808,815	92.36
OTHERS		18,717,373	7.64
TOTAL		244,526,188	100.00

PUBLIC HOLDING

Public Holding percentage as at 31st March 2025 = 11.913%

No of public shareholders representing the above percentage = 3,491

The Float adjusted market capitalisation as at 31st March 2025 is Rs. 101,960,649.00

FIVE YEAR SUMMARY

For the year ended 31 March	2025	2024	2023	2022	2021
TRADING RESULTS (Rs.)					
Revenue	1,836,076,269	1,842,864,051	2,353,909,140	1,261,234,481	1,164,440,585
Cost of Sales	(1,663,012,247)	(1,593,102,962)	(2,102,798,498)	(1,215,324,928)	(87,472,664)
Other Operating Income	9,549,886	11,309,229	20,058,758	94,166,619	6,193,976
Profit before Finance charges	(18,917,016)	(87,472,664)	80,218,528	(192,296,415)	164,572,708
Finance Cost	(122,280,414)	(242,569,962)	(255,035,811)	(58,438,227)	(91,573,025)
Finance income	1,614,080	1,742,020	3,176,993	1,781,686	293,965
Profit after Income Tax	(139,583,350)	(328,300,605)	(171,640,290)	(248,952,956)	73,293,649
Income Tax on Profits	(250,236)	2,180,618	126,068,134	20,066,395	5,269,058
Profit/(Loss) after Income Tax	(139,833,586)	(326,119,987)	(45,572,156)	(228,886,561)	78,562,707
SHAREHOLDERS FUNDS (Rs.)					
Stated Capital	954,965,559	582,965,063	582,965,063	333,857,588	333,857,588
Reserves	(1,025,211,168)	(885,432,787)	(557,685,075)	(510,433,238)	(317,935,044)
NET ASSETS	(70,245,609)	(302,467,724)	25,279,988	(176,575,650)	15,922,544
ASSETS (Rs.)					
Property , Plant & Equipment	43,535,314	50,875,260	51,803,306	44,154,530	50,190,533
Goodwill	263,849,498	263,849,498	263,849,498	263,849,498	263,849,498
Intangible Assets	3,204,072	6,117,152	7,930,691	8,312,887	7,242,340
Investment in subsidiary	45,000,001	45,000,001	45,000,001	45,000,001	45,000,001
Deferred Tax Assets	196,468,326	197,243,520	194,360,608	71,390,000	14,776,364
Current Assets	579,598,035	792,875,007	883,105,252	788,132,100	613,306,898
Non-Current Assets Classified as held for sale	-	-	-	-	291,537,524
LIABILITIES (Rs.)					
Non-current Liabilities	221,574,464	382,394,893	500,269,290	552,828,994	263,027,108
Current Liabilities	980,366,391	1,276,033,269	920,500,078	844,585,672	1,006,953,506
NET ASSETS (Rs.)	(70,245,609)	(302,467,724)	25,279,988	(176,575,650)	15,922,544
RATIOS & OTHER INFORMATION					
Current ratio	0.59	0.62	0.96	0.93	0.61
Quick Assets Ratio	0.46	0.31	0.46	0.74	0.46
Interest Cover (No. of times)	(0.18)	(0.41)	0.37	(2.15)	2.15
Debt Equity Ratio (%)	(17.11)	(5.48)	5620.13	(791.4)	7029
Return on Equity (%)	1.99	(107.82)	(180.27)	(129.63)	493
Return on Total Assets (%)	(12.35)	(24.05)	(3.15)	(18.75)	6.11
Net Asset Value per share	(0.29)	(2.6)	0.22	(2.66)	0.24
Earnings Per Share (Rs.)	(0.78)	(2.81)	(0.39)	(3.45)	1.18
Revenue Growth (%)	(0.003)	(0.22)	86.64	8.31	36.93
Dividend per share	Nil	Nil	Nil	Nil	Nil
Dividend pay out	Nil	Nil	Nil	Nil	Nil

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) Annual General Meeting of H V A Foods PLC will be held on 30th September 2025 at 9.30 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes:

1. Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiary and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.

1.2 To re-elect Mr. Sharvajana Anandaraj Ameresekere as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.

1.3 To re-appoint the retiring Auditors Messrs BDO Partners, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.

1.4 To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

2 Special Business

2.1. To consider and if thought fit, to pass the following resolution as a Special Resolution:

'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

1) by the deletion of the word "two" and the substitution therefore of "five" in line 1 of the Article 80;

(2) by the substitution of the word "Special" in place of "Ordinary" in line 1 of Article 82;

(3) by the deletion of Articles 121 under the existing heading, 'Alternate Directors' in its entirety and the substitution therefore of the following new Article 121;

"ALTERNATE DIRECTORS

121. (i) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence, and the following provisions of these Articles shall apply to any person so appointed.

(ii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.

(iii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange."

(4) by the inclusion of the words and figures 'including the signing of resolutions in writing to be passed by circulation under Article 118 hereof.' at the end of Article 123(i);

(5) by the inclusion of the words "Subject to Article 121, an" at the beginning of the Article 124 in place of the word "An";

(6) by the deletion of the words "if the Directors resolve" in line 1 of Article 124(iv) and the substitution therefore of "If the Board resolves";

(7) by the inclusion of following paragraph at the end of Article 157 ;

"The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to the Central Depository Systems (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail."

(8) by the inclusion of following paragraph at the end of Article 160 ;

160. "Any notice required to be or which may be given by advertisement shall unless otherwise required by statute be published in Sinhala, Tamil and English national daily newspapers. The Company may if so permitted by statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (if the Company is listed on the Colombo Stock Exchange)."'

By order of the Board

H V A FOODS PLC

P W CORPORATE SECRETARIAL (PVT) LTD

Secretaries

28th August 2025

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No.118, Braybrooke Place, Colombo 02, Sri Lanka by 9.30 p.m. on 28th September 2025.

FORM OF PROXY

I/We*... (NIC/Passport/Co. Reg. No. ....)

of .... being a shareholder/s of H V A FOODS PLC hereby appoint

.... (NIC/Passport No..................................) of.. or failing him/her*

S.P.S. Ranatunga	or failing him*
C.G. Stork	or failing him*
S.U. Dassanayake	or failing him*
S.A. Ameresekere	or failing him*
Ms. V.S.A. Fernando	or failing her*
M.P.D. Cooray	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fifteenth Annual General Meeting of the Company to be held on 30th September 2025 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

1 Ordinary Business	**For**	**Against**
1. To re-elect Mr. Sharvajana Anandaraj Ameresekere as a Director who retires by rotation in terms of Articles 88 and 89 of the Articles of Association of the Company.	☐	☐
2. To re-appoint the retiring Auditors Messrs BDO Partners, Chartered Accountants, as the Company's Auditors and to authorise the Directors to determine their remuneration.	☐	☐
3. To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.	☐	☐

2 Special Business	**For**	**Against**
1. To pass the Special Resolution as set out in item 2.1 of the Notice of Meeting	☐	☐

Signed this .... day of .... Two Thousand and Twenty Five.

....

Signature of Shareholder/s

*Please delete what is inapplicable.

INSTRUCTIONS FOR COMPLETION

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. The completed Proxy should be deposited at the Registered Office of the Company, No.118, Braybrooke Place, Colombo 02, Sri Lanka by 9.30 p.m. on 28th September 2025.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. 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.

5. In the case of joint holders the Form of Proxy must be signed by the first holder.

CORPORATE INFORMATION

NAME OF COMPANY
H V A Foods PLC

LEGAL FORM
Public Limited Liabilit

Registered office of the company
No.118,Braybrooke place,
Colombo 02.

Company registration No
PB/PV/1756 PQ

Stock Exchange Listing
The Ordinary Shares are listed on
Colombo Stock Exchange

Directors
Mr.S.P.S.Ranatunga
Independent Non-Executive Director/
Chairman

Ms.V.S.A.Fernando
Non-Executive Director

Mr.S.U.Dassanayake
Executive Director / COO

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

Mr.S.A.Ameresekere
Non-Executive Director

Mr.C.G.Stork
Executive Director / CEO

Audit Committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

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

Ms.V.S.A.Fernando
Non-Executive Director

Remuneration committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

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

Ms.V.S.A.Fernando
Non-Executive Director

Related Party Transaction Review Committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

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

Mr.S.A.Ameresekere
Non-Executive Director

Nominations and Governance Committee
Mr.M.P.D Cooray
Independent Non-Executive Director
Chairman of the Committee

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

Ms.V.S.A.Fernando
Non-Executive Director

Secretaries
P.W.Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road, Colombo 08.

Lawyers
Capital Law Chambers and Corporate
75/6, Ward Place, Colombo 07.

External Auditors
BDO Partners
Chartered Accountants
"Charter House"
65/2,Sir Chittampalam A Gardiner
Mawatha,Colombo 02.

Internal Auditors
KPMG Sri Lanka
32A, Sir Mohomad Macan Marker
Mawatha,Colombo 01.

Bankers
National Development Bank PLC
Hatton National Bank PLC
People's Bank
Bank of Ceylon
Commercial Bank

Investors relations
HVA Foods PLC
No.118, Braybrooke Place, Colombo 02.
Tel. 011 4427600

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