ANNUAL REPORT 2024-25

Kalubowitiyana Tea Factory Limited

Ministry of Plantation and Community Infrastructure

Rs. 1.67 Bn
Net Sales (2024-25)

84
Top Prices at the Colombo Tea Auction

1,294 MT
Annual Production

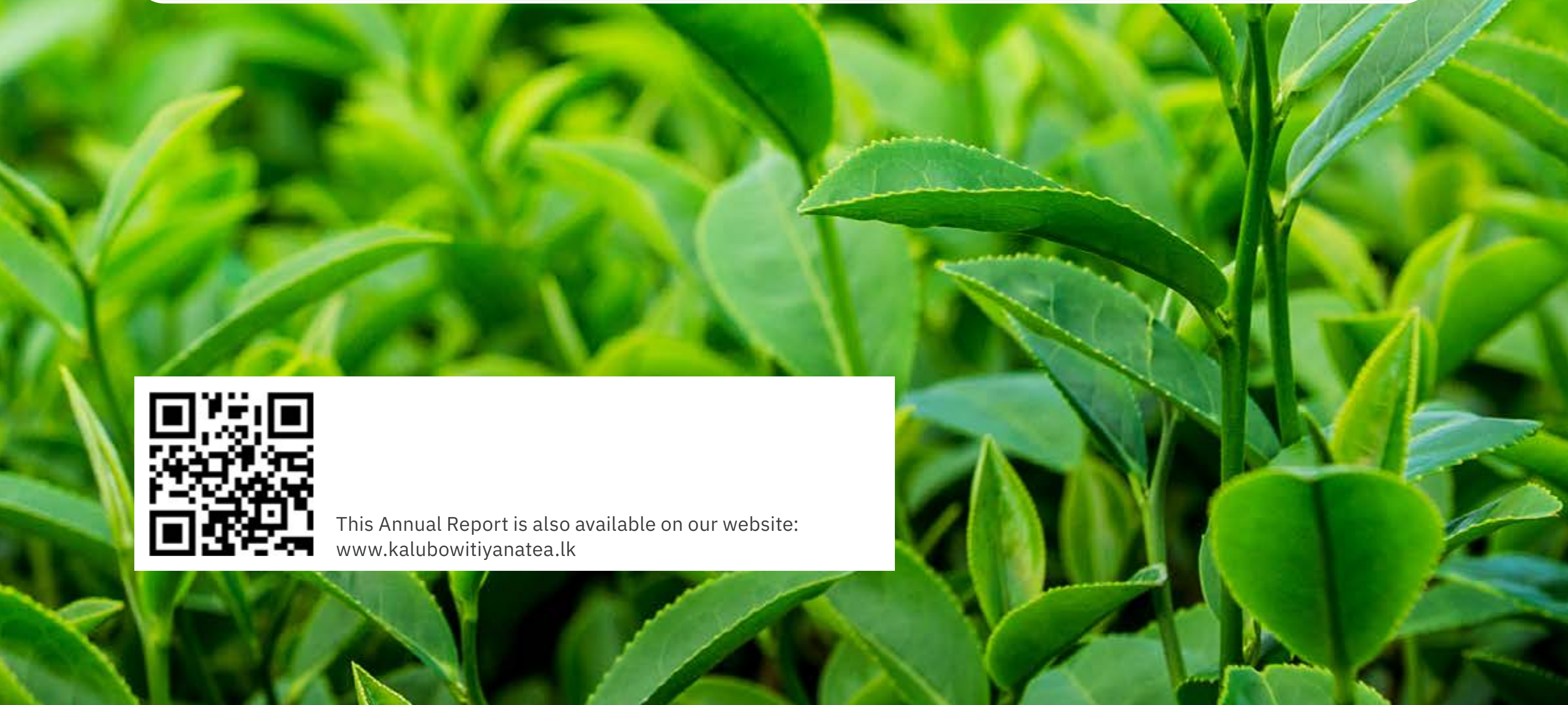
Rs. (1.79)
Earnings Per Share (2024-25)

TASTE THE SUCCESS

Tasting success in our context involves a meticulous evaluation of our tea manufacturing factories' achievements, with a spotlight on attaining the highest profit in its financial history. This accomplishment reflects not only efficient production processes but also strategic market positioning, quality excellence, and adept management.

Adding to this triumph is the celebration of our factory's 32nd anniversary, a remarkable milestone that encapsulates three decades of dedication, growth, and resilience. Our journey in tea manufacturing has been marked by innovation, commitment to quality, and responsiveness to changing consumer preferences.

As we commemorate this 32nd anniversary, we not only celebrate our past achievements but also set the stage for future endeavours, embracing new opportunities and advancements in the dynamic world of tea production. This anniversary is a testament to our enduring commitment to excellence and a moment to express gratitude to our team, government, and customers who have been integral to our success.



This Annual Report is also available on our website:
www.kalubowitiyanatea.lk

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Management Discussion and Analysis

Financial Reports

Financial Highlights

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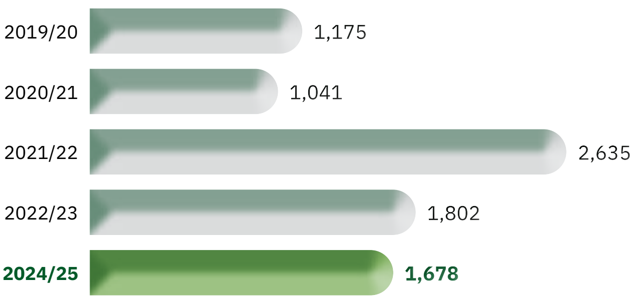
For the year ended 31st March	2024/25 (Rs.)	2023/24 (Rs.)
Net Sales	1,678,201,858.39	1,802,165,017
Cost of Sales	(1,666,615,835.04)	(1,747,661,088)
Gross Profit	**11,586,023.35**	**54,503,929**
Other Operating Income	32,619,154.02	49,849,950
Profit Before Operating Expenses	**44,205,177.37**	**104,353,880**
Administration Expenses	(76,320,780.30)	(63,425,441)
Selling & Distribution Expenses	(795,349.14)	(4,031,339)
Profit From Operating Activities	**(32,910,952.07)**	**36,897,100**
Finance Income	25,740,078.91	32,494,112
Finance Expenses	-	-
Net Finance Income	**25,740,078.91**	**32,494,112**
Net Profit Before Taxation	**(7,170,873.16)**	**69,391,212**
Taxation	(1,136,447.32)	(13,816,705)
Net Profit After Taxation	**(8,307,320.48)**	**55,574,507**
Earnings Per Share	(1.79)	11.98

Graph – 01

Net Sales

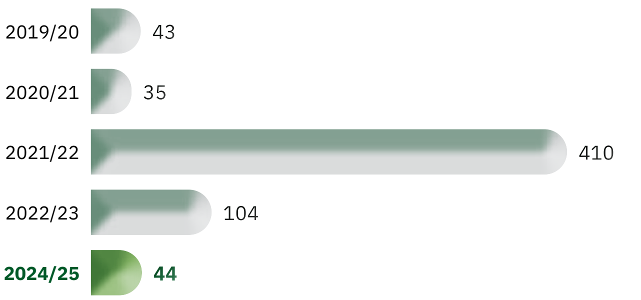
(Rs. Mn.)



Graph – 02

Profit/(loss) before operating expenses

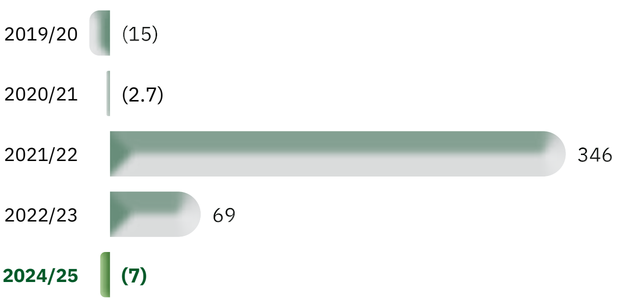
(Rs. Mn.)



Graph – 03

Net profit/(loss) before taxation

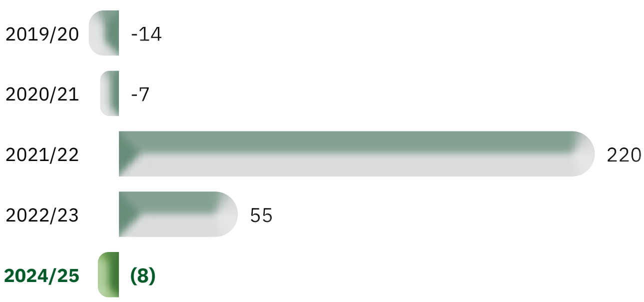
(Rs. Mn.)



Graph – 04

Net Profit After taxation

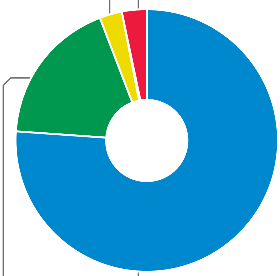
(Rs.)



Non-Financial Highlights

Graph – 05

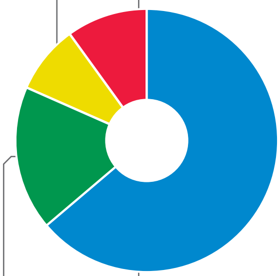
Green Leaf Suppliers



Total
3,134 Suppliers

Graph – 06

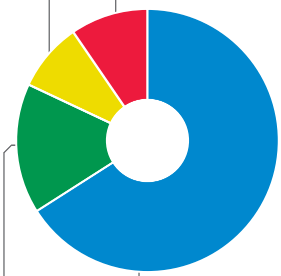
Green Leaf Intakes



Total
6,310,569 Kg

Graph – 07

Tea Production



Total
1,293,723 Kg

Table – 02

Factory	Green leaf suppliers (Nos.)	Green leaf intakes (Kg)	Tea production (Kg)
● – Kalubowitiyana Tea Factory	2,376	4,321,308	911,204
● – Derangala Tea Factory	538	897,628	158,931
● – Hiniduma Hills Tea Factory	123	634,454	128,833
● – Manikdewela Tea Factory	97	457,179	94,755

Importers of Sri Lankan tea in 2024/25

About the Report

About Kalubowitiyana Tea Factory Limited

The Kalubowitiyana Tea Factory Ltd looks to play its part in steering the country to a resilient recovery. We are pleased to present our annual report – 2024/2025 for the financial year ending 31st March 2025. This report aims to provide a concise, holistic, and balanced review of the Company's financial, social, environmental and governance performance while providing a fair account of how we directed strategy in the context of our operating environment to create value for our stakeholders.

Scope and Boundary

The annual report covers the operations of the Kalubowitiyana Tea Factory Limited. The company adopts an annual reporting cycle, and this report is an extension to the previous report published for the financial year ending 31st March 2024. Both the financial and non-financial information obtained from the financial accounting systems and management information systems are provided as required by the Companies Act No. 07 of 2007, the Sri Lanka Accounting Standards and Circulars and Guidelines issued by the General Treasury. Financial Statements are audited by the National Audit Office of Sri Lanka to express an independent opinion on the Financial Statement.

Reporting Framework

We adhere to the following list of globally recognized reporting frameworks along with the requirements of the government of Sri Lanka and are dedicated to coordinating our reporting with the best practices in corporate reporting guidelines issued by the General treasury.

Table – 03

Reporting Frameworks, Standards and Guidelines	Internal Assurance	External Assurance
Financial Reporting		
Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards Companies Act No. 7 of 2007	Internal controls established by the management and evaluated by the Audit committee and Internal Audit Division.	National Audit Office
Narrative Reporting		
Guidelines for Preparation of Annual Reports by the Department of Public Enterprises	Reviewed by the Management and evaluated by the Board	National Audit Office
Corporate Governance		
Code of Best Practice on Corporate Governance Sri Lanka Guidelines on Corporate Governance for State-Owned Enterprises	Reviewed by the Management and evaluated by the Board	National Audit Office

Reporting Improvements

- Inclusion of Sustainability Reporting, Board profile, and Risk management practices
- Increased focus on transformation strategy and stakeholder relationships.

Board Responsibility on Corporate Reporting

The Board of Directors acknowledges its obligation to protect the accuracy of this report. We hereby attest that the 2024/25 Report correctly portrays the Company's integrated performance and covers all pertinent material issues. We further affirm that the Report was prepared in accordance with the instructions given by the General Treasury of Sri Lanka.

Feedback

We value your thoughts and comments and are dedicated to continuously enhancing the standard and readability of our annual report.

Kindly provide any feedback to,
Chairman,
Kalubowitiyana Tea Factory Ltd,
No. 53, Rathnayaka Road, Pelawatta,
Battaramulla, Sri Lanka.

Vision & Mission

Vision

To be the most recognized model in the manufacturing and marketing of the best Sri Lankan CTC and Orthodox Tea.

Mission

Manufacturing superior quality, tasty and consumer friendly Sri Lankan Tea aiming at Internal and External markets.

Corporate Profile

Kalubowitiya Tea Factory Limited (KTFL) is a limited liability company incorporated under the Companies Act No; 17 of 1982 and re-registered under the new Companies Act No; 07 of 2007.The Company was established to produce Cut, Tear and Curl (CTC) Tea and commenced commercial operations on 1st August 1994, with an initial capital of Rs. 50 million consisting of five million shares valued Rs.10 per share. The initial capital was provided under the Indian line of Credit. Our second tea factory at Derangala was established under the same line of credit and commenced its operations in March 2000. Our third tea factory is the Hiniduma Hills Tea Factory, which was previously under the Tea Shakthi Fund and has been transferred to KTFL through a profit- sharing agreement. The Company re-established this factory using its own funds and the Hiniduma Tea Factory commenced operations in 2012.

The latest addition to the company is the Manikdiwela Factory, which previously belonged to the Tea Shakthi Fund. It is located in Manikdiwela Village,Yatinuwara Electorate in the Kandy District. The Company used its own funds to re- establish this factory as well.

The Company produces approximately 1.5 Mn Kgs of quality teas annually, using the selected green leaf purchased from the smallholders.

The Kalubowitiyana Factory produces CTC Teas using the CUT, TEAR and CURL process, whilst Derangala, Hiniduma and Manikdiwela adopt the conventional orthodox process to produce a range of leafy and small grades.

KTFL owns and operates four ISO 22000:2018 certified factories, which produce the highest-quality Pure Ceylon Tea for the global market. This significantly adds to KTFL's credentials as the leading CTC Tea manufacturer in the country, reinforcing our commitment to becoming a world-class tea manufacturer.

Around 90% of the Company's Tea production is sold at the Colombo Tea Auction through Brokers, whilst a small proportion is destined for the local market through Sales Centers located islandwide, through Factories and the Head Office.

The mandate of the company as per the Articles of Association is as follows:

- To carry on the business of tearing, curing, preparing, processing and manufacturing tea leaf purchased from growers.
- To cultivate, grow, manage and superintend tea plantations.

About Us

Our tea factories are situated in the Low Grown and Western Medium regions of the country and produce 1.5 million kilograms of premium quality tea, accounting for 0.63% of the national tea production.

Our factories produced premium quality tea, achieving 84 top price rankings during the year. We are the industry leader in premium quality CTC tea prices among other competitive tea manufacturing factories. We have consistently held the top position for low-grown elevations at the Colombo tea auction for over 30 years. Our factories are home to 3,500 people, and we support the socio-economic progress of over 15,000 people by purchasing their leaves at the most attractive rates.

Plucking

The green leaf is harvested on a regular basis at intervals ranging from 5 days to 8 days from each field.

Withering

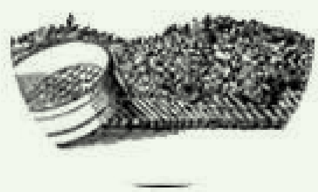
No sooner than it is received at the estate, the leaf is weighed and spread on troughs.

Drying

The primary objective of drying is the extraction of moisture and the arresting of fermentation. The fermented leaf contains between 45% to 50% moisture.

Rolling

Is the process by which the leaf is twisted and the leaf cell walls are ruptured to bring the juices to the surface of the leaf.



Fermentation

Of the tea juices is an essential process in the manufacture of black tea.

Grading (Sifting)

After cooling, the fired teas are graded/ sifted according to size and shape, as the trade demands.

Chairman's Review

"Smooth seas never made a skilled sailor"

- Franklin D. Roosevel -

Dear Valued Stakeholder,

It is with a profound sense of responsibility, resolve, and continued commitment that I address you as the Chairman of Kalubowitiyana Tea Factory Limited. Having assumed this role in December 2024, I consider it both an obligation and a privilege to present a retrospective review of the financial year 2024/25 a period that was undeniably challenging, yet instrumental in reshaping the future direction of the company.

Although I was not leading the organization for the majority of the financial year under review, I maintained close oversight of its performance, developments, and evolving circumstances. During this period, Kalubowitiyana Tea Factory Limited found itself in a state of serious decline. Operational inefficiencies had accumulated over time, financial losses were mounting, and the organization faced structural and governance-related challenges that significantly weakened its overall performance. It became increasingly clear that without urgent corrective measures and a decisive shift in strategic direction, the company risked further deterioration and long-term instability.

Recognizing the urgency and gravity of the situation, a new course of action was charted from December 2024 onward. This marked a turning point for the company. The primary objectives of this renewed approach were to stabilize operations, restore operational discipline, address long-standing inefficiencies, and establish a foundation for a sustainable and structured turnaround. These efforts required strong leadership, clear accountability, and a willingness to make difficult but necessary decisions in the best interest of the organization and its stakeholders.

At the time of my appointment, Kalubowitiyana Tea Factory Limited was facing significant operational and financial adversity. Of the company's four factories, three were on the verge of closure, placing immense pressure on production capacity, workforce stability, and revenue generation. The organization was also grappling with declining morale and strained relationships across key operational areas. However, with the appointment of a new management team and a renewed focus on operational recovery, we embarked on a concerted effort to reverse this downward trajectory.

Through consistent leadership, close monitoring, and collaborative engagement with all operational units, meaningful progress was achieved. I am pleased to report that today, all four factories are fully operational, a milestone that reflects the dedication, resilience, and collective effort of the management team and workforce. More importantly, these factories are now on a path toward profitability, signaling a gradual but steady restoration of financial and operational health.

This transformation did not come without significant challenges. The company encountered numerous obstacles throughout the recovery process, including financial constraints, liquidity pressures, logistical inefficiencies, regulatory complexities, and legacy legal matters. One such challenge was the Labour Tribunal ruling against the company, which resulted in a financial impact of Rs. 13.8 million. This liability was duly recognized and fully accounted for in the Profit and Loss Statement for the year under review. Consequently, this contributed to the company recording a net loss of Rs. 10.52 million for the financial year.

Despite this considerable burden, it is important to highlight the substantial progress made in reducing overall losses. At the commencement of our term, the company's pre-tax loss stood at Rs. 42.00 million. Through disciplined cost management, operational restructuring, improved controls, and targeted strategic interventions, this loss was significantly reduced. While challenges remain, the reduction itself demonstrates the effectiveness of the corrective measures implemented during this transitional period.

Our CTC tea factory is a core pillar of Kalubowitiyana Tea Factory Limited's operations. During the year, continued efforts were made to improve product quality, enhance manufacturing standards, and strengthen internal processes. Simultaneously, emphasis was placed on improving brand visibility and reinforcing the company's position within a highly competitive tea industry. For the financial year 2024/25, the company recorded revenue of Rs. 186.78 million. While this performance underscores the resilience of our core operations, we acknowledge that further improvements are necessary to achieve consistent profitability and long-term financial stability.

Beyond financial results, Kalubowitiyana Tea Factory Limited has continued to play a meaningful role in contributing to the national economy, particularly through the generation of valuable foreign exchange earnings. This contribution is especially significant given the broader economic challenges faced by Sri Lanka during this period.

Our operations not only support export earnings but also provide employment, sustain regional economic activity, and reinforce the country's reputation for high-quality tea in international markets. These contributions reflect our broader responsibility as a corporate entity operating within a vital national industry.

As we reflect on the year under review, it becomes evident that adversity has been a powerful catalyst for learning and improvement. The challenges encountered have reinforced the importance of strong governance, prudent financial management, operational transparency, and strategic foresight. Each obstacle faced has offered valuable lessons that will continue to shape our approach to decision-making, risk management, and long-term planning.

Looking ahead to the 2025/26 financial year, we do so with renewed confidence and clarity of purpose. Our strategic priorities include the expansion of both domestic and international market channels, the enhancement of promotional and branding initiatives, and the continued strengthening of operational efficiencies across all factories. We are committed to building on the foundation established during this recovery phase and to positioning Kalubowitiyana Tea Factory Limited for sustainable growth and improved financial performance.

Equally important is our commitment to delivering long-term value to shareholders while preserving the company's legacy of quality, integrity, and reliability. We remain focused on strengthening stakeholder relationships, fostering a culture of accountability and performance excellence, and ensuring that the organization is well-positioned to navigate future challenges and opportunities.

In closing, I extend my sincere appreciation to our shareholders, employees, suppliers, customers, and all other stakeholders for your continued trust, patience, and unwavering support throughout this challenging yet transformative period. Your confidence has been instrumental in enabling the progress achieved thus far. Together, with shared determination and a clear strategic vision, we move forward into a new and promising chapter for Kalubowitiyana Tea Factory Limited.

Mr. Shaminda Samarasinghe
Chairman

Board of Directors As at 31st of March 2025

Mr. S. S. Samarasinghe – Chairman – Since 19th December 2024

Mr. Smarasinghe holds a Master of Business Administration with Merit degree from the University of Metropolitan, London. Currently he is reading a Bachelor of Law Degree at University of Greenwich, UK.

Mr. Samarasinghe, who has extensive knowledge and experience in the tea sector, is a certificate holder from the National Institute of Plantation Management in Tea Manufacture & Factory Practices.

He holds a Certificate of Hazardous Chemical Management for Sustainable industrial Development, University of Colombo and Strengthening the Capacity for Climate Change Adaptation in Plantation sector in SL, National Institute of Plantation Management.

Mrs. R. A. S. K. Ranasinghe – Member – Since 28th November 2024

Mr. Ranasinghe currently serves as a Director at the Department of Public Enterprises, Ministry of Finance, Economic Stabilization and National Policies. He has over 23 years of experience in the public sector and has been extensively involved in the oversight of major State-Owned Enterprises (SOEs), including State Banks.

He has served as a Board Member of several State-Owned Enterprises (SOEs), including the Neville Fernando Teaching Hospital, Vehicle Emission Trust Fund, Litro Gas Lanka Ltd., and Elkaduwa Plantations Ltd. In addition, he has contributed to numerous high-level committees.

At present, he is serving as a Board Member of the Lanka Hospitals Corporation PLC, State Pharmaceuticals Manufacturing Corporation, Kalubowitiyana Tea Factory Ltd., and Sri Lanka Rupavahini Corporation. He also serves as the Chairman and a member of Audit Committees, Risk Committees, and Investment Committees of various SOEs.

Mr. Ranasinghe holds a Bachelor's degree in Commerce from the University of Colombo, a Master of Science degree in Economics and Development Policy from Hiroshima University, Japan, and a Master of Business Administration from the University of Rajarata, Mihintale. He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka (ACA) and a Chartered Public Finance Accountant (CPFA) jointly certified by the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Public Finance and Accountancy (CIPFA), UK.

He has also completed a Diploma in Public Procurement and Contract Administration from the Miloda Academy of Financial Studies, Colombo. Furthermore, Mr. Ranasinghe has undergone extensive international training in Accounting, Auditing, Financial Management, Procurement, and Risk Management from reputed global institutions and universities.

Ms. D. M. M. Dissanayake – Member – Since 15th January 2025

Ms. Dissanayake is an officer of Sri Lanka Accountant Service (SLACS) since 2008. She is the Chief Accountant of the Ministry of Plantation and Community Infrastructure.

She obtained a BSc (Business Administration) Special degree from the University of Sri Jayawardhenapura, Master's in arts (Economic) from the University of Kelaniya and Higher National Diploma in Public Procurement and Contract Administration from SLIDA.

Board of Directors

Mr. A. A. Wilson – **Member** – Since 22nd January 2025

Mr. Wilson holds a B.A. Special (Sociology) Degree with Second Lower Division from the University of Sri Jayewardenepura and Postgraduate Diploma in Education at NIE. He has a Diploma in Psychological Counselling at IPS and Post graduate Diploma in School Counselling with a Merit pass.

Mr. Wilson, who has extensive knowledge and experience as a Teacher, Vice Principal and Psychological Counselor and work as a Lecture in High National Diploma in Per School Teachers.

Mr. L. K. Kodippili – **Member** – Since 22nd January 2025

Mr. Kdippili is a CEO of CODEVUS (PVT) LTD since 2016. His Company is a leading provider of expertise in ERP software solutions across 50+ reputed local companies and 300+ International customers base across 15+ countries.

He won the Silver Award at National Best Quality ICT Award in Retail & Supply Chain Management Software Category at 2017. Won Bronze Award at National Best Quality ICT Award in Government & Public Sector Software Category at 2018 and Merit Award at National Best Quality ICT Award in Manufacturing, Engineering & Construction Software Category at 2019.

He was a Web Designer at an award-winning company, eMarketing Eye (Pvt) ltd.

He obtained a BSc (Honors) in Information Technology degree from the SLIIT University and BSc (Honors) in Physiotherapy at University of Peradeniya.

He has a Strong background in mentoring high-performing, entrepreneurial, and product-focused software engineers. Proved track record of building successful startups from scratch. Highly Experienced in managing large codebases and shipping web applications with latest technologies.

Mr. K. K. S. Malwatta – **Member** – Since 22nd January 2025

Mr. Malwatta was a Public Relations Officer at National Lottery Board (NLB) for the past 24 years. He is a Justice of the Peace Officer for all Island and Currently, Mr. Malwatta is Secretary of the Small Tea Estate Development Society and Matara District Vice Chairman of Small Tea Estate Development. He is a Relief announcer at the Sri Lanka Broadcasting Corporation’s Ruhunu service at Sri Lanka.

Mr. Malwatta, has extensive knowledge and experience in the tea sector, Plantation Management in Tea Manufacture & Factory Practices.

Corporate Management

Mr. T. A. D. J. C. Thilakarathne

Head of Operations, Manager, Kalubowitiyana CTC Tea Factory

Mr. P. Dehiwalage

Finance Manger (Acting)

Mr. Ganindu Palihena

Assistant Manager Admin

Ms. Sewwandi Walakuluge

Assistant Manager Marketing

Our Products

Garden Marks and Types of Teas

Kalubowitiyana, known for its premium grade CTC and its PF1 variety that provides a convenient way to experience the true flavors of tea through easy-to-use tea bags, is becoming increasingly popular among local consumers. It has also established itself as a leader in CTC tea manufacturing in the country.

Derangala and Hiniduma marks have a reputation for the appearance of their dark tea leaves of various shapes. When brewed, they materialize as a rich, red liquid that is full-flavored, strong, and robust, creating a liquor that is distinctively unique from the teas of the other six regions.

The Manikdiwela mark produces a typical range of low-grown tea grades, known for their distinctive bright, intensely full-bodied taste.

CTC Products

Orthodox Products

Standard

Our Teas are renowned for their excellent quality, having been certified for accepted quality certifications, product responsibility, and customer health & safety. All products and processes are fully compliant with ISO 22000:2018 and HACCP certification issued by the Sri Lanka Accreditation Board. Additionally, all the factories have received GMP certification. Implementing and maintaining a Food Safety Management System (ISO 22000:2018 and HACCP) in all our black tea manufacturing facilities reinforces our commitment to product responsibility and ensures the maintenance of food safety and quality standards from end to end. Tea quality is tested annually for heavy metals, microbiological criteria, and agrochemical residues in accordance with the requirements of the ISO 3720 standard.

SLSI ISO 22000 FOOD SAFETY MANAGEMENT SYSTEM CERTIFIED

HACCP SYSTEM CERTIFIED

Sri Lanka Standards GMP Certified Institution

RAINFOREST ALLIANCE CERTIFIED


PREMIUM QUALITY
KALUBOWITIYANA
CEYLON BLACK TEA
BP1 - Best CTC Tea
200g
PREMIUM QUALITY
DERANGALA
GINGER
DERANGALA
PURE CEYLON TEA
CEYLON BLACK TEA
PF1
OP
KALUBOWITIYANA
Black Pearl
PREMIUM HANDMADE CEYLON TEA


PREMIUM QUALITY
DERANGALA
CINNAMON TEA
CEYLON BLACK TEA
FBOPF1
DERANGALA
PURE CEYLON TEA
BOPF
DERANGALA
PURE CEYLON TEA
DERANGALA
PURE CEYLON TEA
PURE CEYLON TEA
100g
Kalubowitiya
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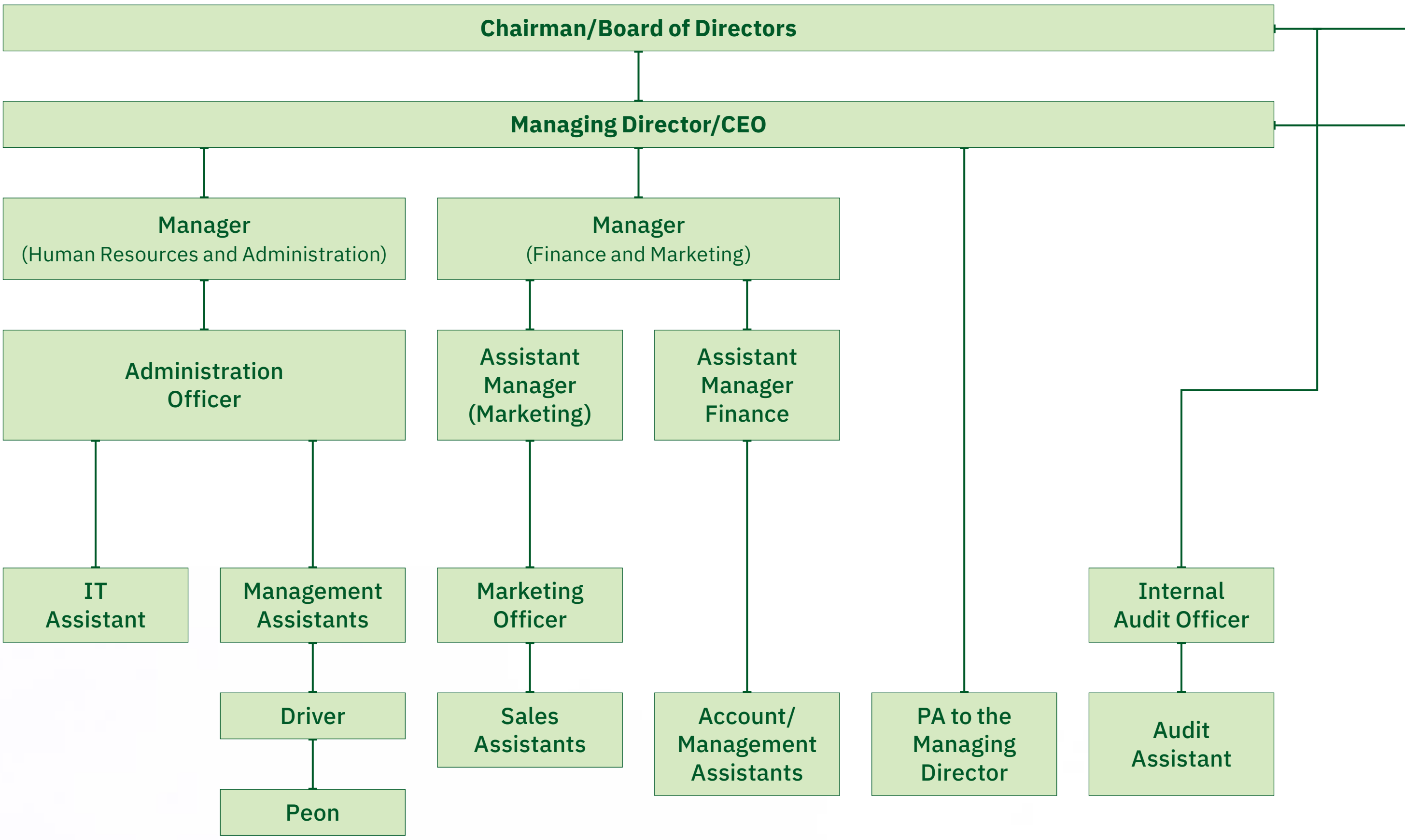
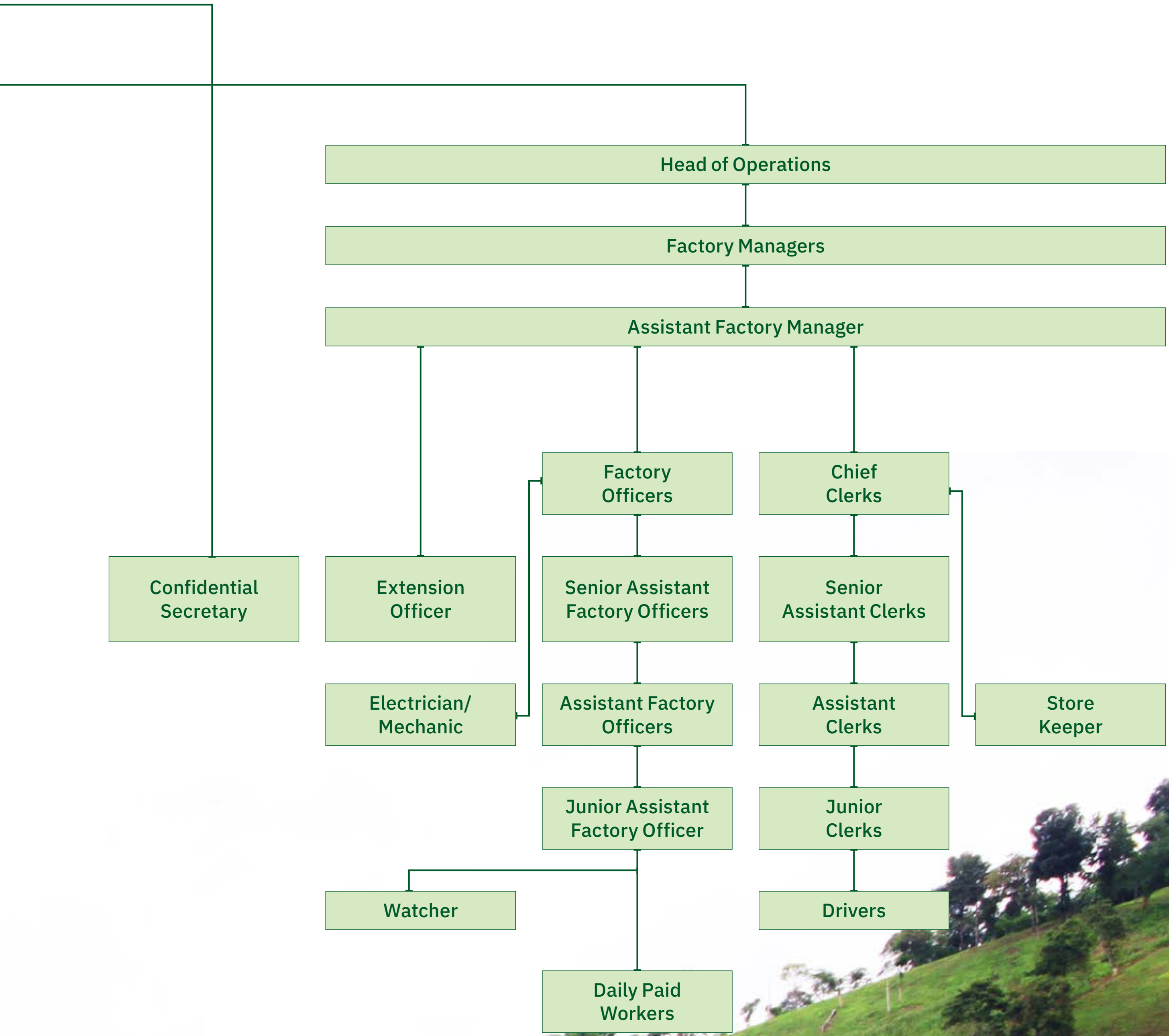
Organisational Structure




Head of Operations
Factory Managers
Assistant Factory Manager
Factory Officers
Chief Clerks
Confidential Secretary
Extension Officer
Senior Assistant Factory Officers
Senior Assistant Clerks
Electrician/ Mechanic
Assistant Factory Officers
Assistant Clerks
Store Keeper
Junior Assistant Factory Officer
Junior Clerks
Watcher
Drivers
Daily Paid Workers

Our Journey

1994-95
Kalubowitiyana Tea Factory
commenced manufacture operations

1998/99
Trans World Star Award
Institute of Economics Studies – India

2000-01
Derangala Tea Factory
commenced operations

2010-11
Ceylon Specialty Estate Tea
of the Year – Russia

2009-10
Second Runners Up Most
no. of Top Prices Golden Cup Award

2013-14
National Plantation Award Best Large Scale
Tea Factory

2012-13
Hiniduma Hills Tea Factory
commenced operations

2011-12
All island most no. of
Top Prices CTC Low Category F&W

2005-06
CTC Low Grown Category
Highest Sale Average F&W

2006-07
All Island Most no. of Top Prices
CTC Low Category F&W

2014-15
Ceylon Specialty Estate Tea of the year – Dubai
(Gold Winner & Silver Winner)

2015-16
The Latest Addition to the company is
Manikdewela Tea Factory

2016-17
Ceylon Specialty Estates
Tea of the year – China

2017-18
We launched Our New Tea Pack

2015-19
We received Rainforest Alliance Sustainable
Certificate in this year

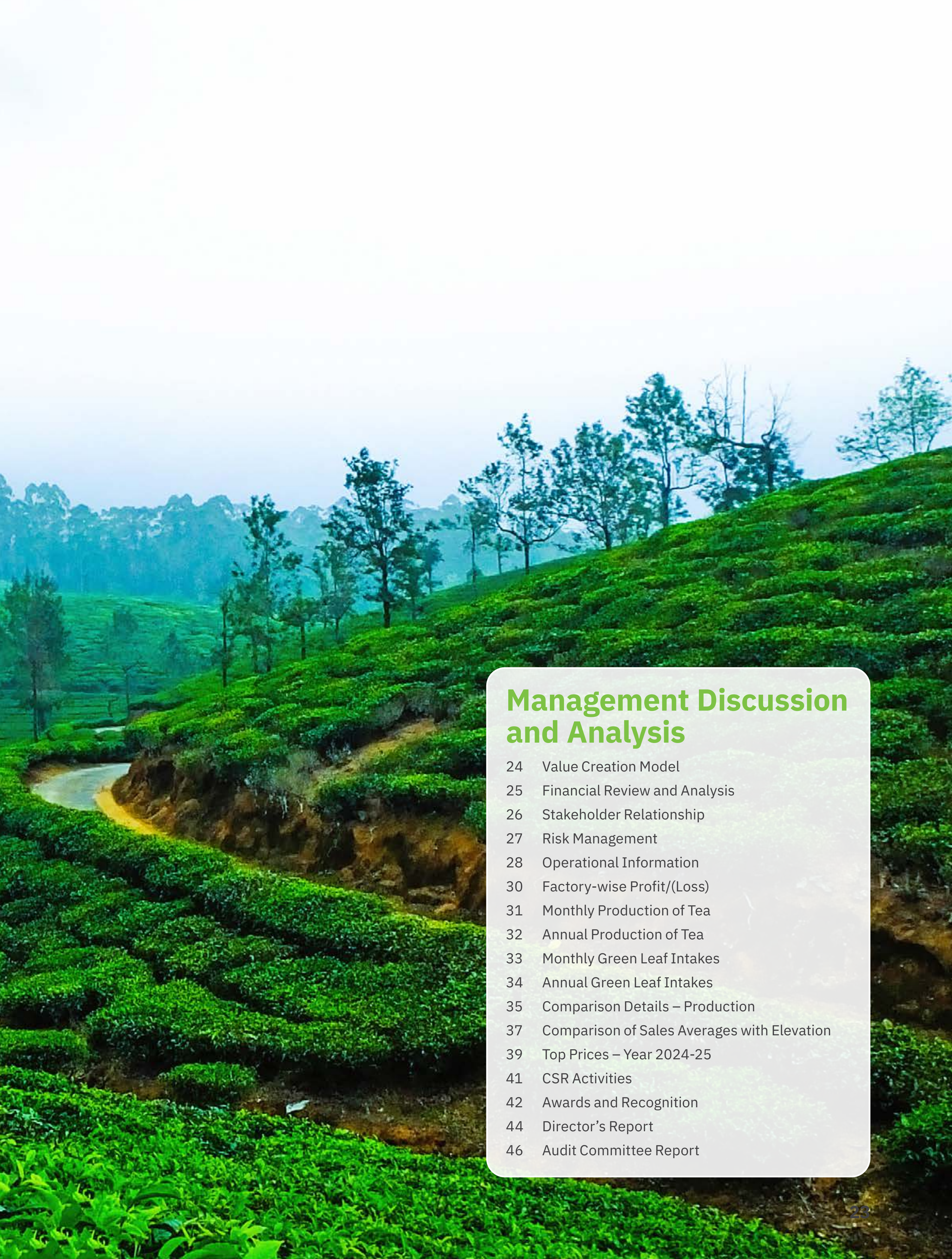
2019-20
We launched Our New Web Site with New Tea Pack

2020-21
We re-opened sales outlet in new place

2021-22
Ceylon Specialty Estate Tea of the Year – Russia

2022-23
Paid All-time Highest
Bought Leaf Rate Rs. 437.82 for July 2022,
Ever Highest Profit after tax Rs. 220.80 Mn.

2024-25
Best runner up for
CTC Category



Management Discussion and Analysis

Value Creation Model

The following graphic illustrates the Company's value creation model, which shows how essential capital inputs as defined by the Integrated Reporting Framework are transformed to produce outputs and outcomes for stakeholders in addition to more significant socioeconomic and environmental effects.

Support Activities

Financial Capital, Manufactured Capital, Relationship Capital, Human Capital, Intellectual Capital

Tea Smallholders

Government extension programs

Research and Development

Cooperation with industry regulators

Primary Activities

Inbound Logistics

Collecting transporting and storing green leaves procured from tea smallholders

Operations

Sorting cleaning, rolling, curling, tearing, fermenting, drying, grading, packing, blending, and quality sampling.

Outbound Logistics

- Exports through broker firms
- Local sales via agents, institutions and modern trades

Marketing and Sales

- Social media marketing
- Institutional promotions
- Industry exhibitions

Service

- Educating consumers about health benefits of tea
- Capacity building of distributors

Loss after tax Rs. 8.3 Mn

To employees as remunerations and bonus Rs. 55 Mn

To tea smallholders as payment for green leaves Rs. 1,314 Mn

Brand value enhanced by recording all time high price

Financial Review and Analysis

Executive Summary

The company experienced a highly challenging fiscal year in 2025, marked by a significant top-line contraction that fundamentally shifted its profitability landscape. The most critical event was the sharp decline in revenue, which resulted in a substantial net loss after tax, reversing a healthy profit from the previous year. While the balance sheet shows an increase in total assets and equity, and an improvement in the negative cash position from 2024, deep-seated issues remain in operational efficiency and cost control, particularly given the disproportionate reduction in the cost of sales relative to the decline in revenue.

Income Statement Analysis

1. Revenue and Profitability Decline

The most striking feature of the financial statements is the sharp drop in revenue, from Rs. 1,802,165,017 in 2024 to Rs. 1,678,201,858.39 in 2025. This 6.88% decline has had a cascading effect on profitability, with net profit after taxation plummeting by 115.01%, resulting in a net loss of Rs. (8,307,320.48) for the year.

This reversal from a profit of Rs. 55,574,507 in the prior year to a loss in 2025 indicates severe pressure points, which can be attributed to several factors, including potentially lower sales volume, reduced tea prices, or a shift towards lower-value products.

2. Operational Efficiency and Cost Management

While the company has managed to reduce certain costs, the overall efficiency picture is mixed:

- The Cost of Sales only decreased by approximately 4.64%, which is less than the 6.88% decline in revenue. This disparity is critical: it suggests potential inefficiencies in cost management and production processes, as the company is spending a proportionally higher amount to generate less revenue.
- Contrary to effective cost control, administration expenses actually increased from Rs. 63,425,441 in 2024 to Rs. 76,320,780.30 in 2025. This represents an increase of over 20% and must be critically evaluated, as administrative bloat during a period of revenue contraction is unsustainable.
- The significant reduction in selling and distribution expenses, from Rs. 4,031,339 to Rs. 795,349.14, raises questions about the effectiveness of marketing and distribution strategies.

Statement of Financial Position and Strategy Analysis

3. Concerning Liquidity Position

The company's liquidity position shows complexity. The most notable change is the cash and cash equivalents balance, which has technically improved from a significant negative balance of Rs. (5,538,276) in 2024 to a slight positive of Rs. 266,805.42 in 2025.

While the current ratio appears strong and has improved due to a significant decrease in current liabilities, the near-zero cash balance raises serious concerns about the company's ability to meet its day-to-day operational needs. This situation warrants immediate investigation into cash flow management practices and a review of the working capital cycle.

4. Inventory and Asset Management

The movement in inventories also presents an ambiguous signal. Inventories have increased from Rs. 252,295,140 in 2024 to Rs. 276,693,418.81 in 2025.

This 9.67% increase in inventory, despite a significant 6.88% drop in revenue, suggests potential issues:

1. The inventory pile-up could be a direct result of the sales decline, indicating difficulty in moving existing stock.
2. It may signal that production volumes were not aligned with the weaker market demand.

Further investigation is needed to determine the underlying reasons for this inventory increase and its implications for the company's operations and potential obsolescence risk.

5. Investment Strategy

The substantial increase in short-term investments, rising from Rs. 322,783,887 in 2024 to Rs. 346,876,625.42 in 2025, suggests that the company has opted to maintain a large portion of its assets in liquid form.

However, this strategy is questionable for two reasons:

1. While this strategy generates finance income, the total finance income decreased from Rs. 32,494,112 in 2024 to Rs. 25,740,078.91 in 2025, despite the increase in the investment base. This indicates poorer returns on the overall investment portfolio.
2. It raises questions about why this substantial cash position is not being utilized to address the critical operational weaknesses identified (e.g., funding better marketing to reverse the revenue decline, or investing in capital expenditure to improve cost efficiency and production processes). The current focus on liquidity seems to override a focus on generating a core operating profit.

Stakeholder Relationship

KTFL is aware of how critical it is to recognize and address the issues of our stakeholders. Key stakeholders are identified and given a priority ranking. Depending on how much each group may influence or be influenced by our decisions, As a state-owned enterprise, we have enormous responsibility towards the government and the communities. The company's method for choosing involves stakeholders and includes the following list of priorities.

Table – 05

Stakeholder Group	Strategic Plan	Our Response
Shareholders	• Quarterly and annual financial statements • Annual report • Earnings per share • Growth & stability	• Ongoing communication with the current development status • Timely earnings and dividend distribution • Ensuring growth & stability and enhanced value • Investor relations and feedback mechanisms
Employees	• Job descriptions, targets & KPIs (Key Performance Indicators) • Clear instructions & review meetings • Performance appraisals • Welfare management • Annual bonus	• Rewards and coherence management (e.g., compensation) • Training & development opportunities • Structured career development paths • Safe, inclusive, and engaging work environment • Timely payroll and performance bonuses
Suppliers	• Awareness programme • Supplying fertilizer • Supplying foodstuff • Loan schemes • Attractive rates • On time delivery	• On time payments and efficient processing • Establishing supplier care and long-term relationships • Fair contract terms and open communication • Loan schemes or financial support where applicable • Clear, timely, and precise ordering • Mutual growth and capacity building
Out growers	• Quality leaf 50% or High (Quality leaf standards) • On time delivery • Compliance with the Tea board requirements • Attractive leaf rate • Welfare facilities	• On time payment at agreed rates • Appreciations and incentives for high quality/volume • Providing technical support and resources • Welfare facilities and community development • Fair agreements and prompt issue resolution
Transports	• Adhere to the Tea board regulations • Adhere to Agreement • Welfare scheme	• On time payment and accurate documentation • Incentive management for efficiency and reliability • Clearly defined contracts and schedules
Brokers	• Compliance with the Tea board regulation • Quantity base on rate • High recognition	• Continuous supply of quality products • Timely information sharing and market updates • Strong relationship management and fee transparency

Risk Management

The Board of Directors recognizes that **risk management** is critical to achieving the company's strategic goals and objectives. The company maintains a comprehensive risk management framework designed to identify, assess, manage, and monitor all risks that could impact business operations and financial performance.

Risk Governance Structure

The **ultimate responsibility** to manage the risk exposure is held by the **Board of Directors** (BoD). The BoD oversees the company's risk appetite and ensures an effective risk management culture is embedded across the organization.

The governance structure is as follows:

- **Board of Directors:** Provides strategic direction, sets the risk appetite, and reviews the effectiveness of the risk management framework.
- **Audit Committee:** Assists the Board in fulfilling its oversight responsibilities, particularly concerning the integrity of financial reporting, internal controls, and the monitoring of major risks.
- **Managing Director/CEO:** Responsible for implementing the risk strategy, establishing appropriate internal controls, and managing the day-to-day risk activities across the organization.
- **Corporate Risk:** Represents the organizational function or structure responsible for coordinating risk management activities and reporting to the MD/CEO and the Audit Committee.

Risk Management Approach

As a fully government-owned company, Kalubowitiyana Tea Factory Limited has given due consideration to its risk management process to progress toward the achievement of goals and objectives. Risk Management is regularly reviewed under two primary forms of risk: **Strategic** and **Operational** risks. This ensures that required actions have been taken to minimize the impact where complete elimination is not possible. Irrespective of the ownership of the business, the nature and the size of the risk is inevitable to manage.

The company categorizes risks into the following two fundamental types to tailor effective mitigation strategies:

1. Systematic Risk (Non-Diversifiable Risk)

Systematic risk refers to the inherent risks that affect the entire market or economy, not just the company. These factors include macroeconomic variables such as interest rate changes, inflation, regulatory shifts affecting the tea industry, and political/social instability.

- **Management:** Systematic risk cannot be diversified away or avoided solely through internal actions. It is managed primarily through strategic positioning, financial hedging, and lobbying/regulatory engagement.

2. Unsystematic Risk (Diversifiable/Specific Risk)

Unsystematic risk is unique to the respective business operation or industry. For the company, this includes risks like **labor disputes, supply chain disruptions, product quality failures, inventory obsolescence, and management errors.**

- **Management:** Unsystematic risk **can be mitigated or avoided** with proper risk management activities, such as implementing strong internal controls, diversifying supplier bases, optimizing production processes, and effective human resource management.

The company is committed to continuous improvement in its risk management process to safeguard shareholder value and ensure sustainable business operations.

Operational Information

Head Office

Address No. 53, Rathnayaka Mawatha, Pelawatta, Thalangama South, Battaramulla, Sri Lanka.

Human Resources

Managing Director	–	1	Internal Audit Officer	–	0
Manager/Administration & HR	–	1	Accounts Assistant	–	2
Manager Finance	–	0	Management Assistant	–	5
Assistant Manager Finance	–	1	Peon/Office Aid	–	2
Assistant Manager Marketing	–	1	Driver	–	2

Kalubowitiyana CTC Tea Factory

District	Matara	**Sub District**	Morawaka
Village	Kalubowitiyana	**Elevation**	Low Country
Trade Mark	Kalubowitiyana	**Type of Production**	CTC Teas

Human Resources

Factory Manager	–	1	Factory Staff	–	15
Office Staff	–	6			

Derangala Tea Factory

District	Matara	**Sub District**	Morawaka
Village	Kiriwelkelle	**Elevation**	Low Country
Trade Mark	Derangala/ Kiriwelkelle	**Type of Production**	Orthodox Teas

Human Resources

Factory Manager	–	1	Factory Staff	–	3
Office Staff	–	4			

Hiniduma Hills Tea Factory

District	Galle	**Sub District**	Thawalama
Village	Jasmine valley	**Elevation**	Low Country
Trade Mark	Hiniduma Hills/ Thawalama Hills	**Type of Production**	Orthodox Teas

Human Resources

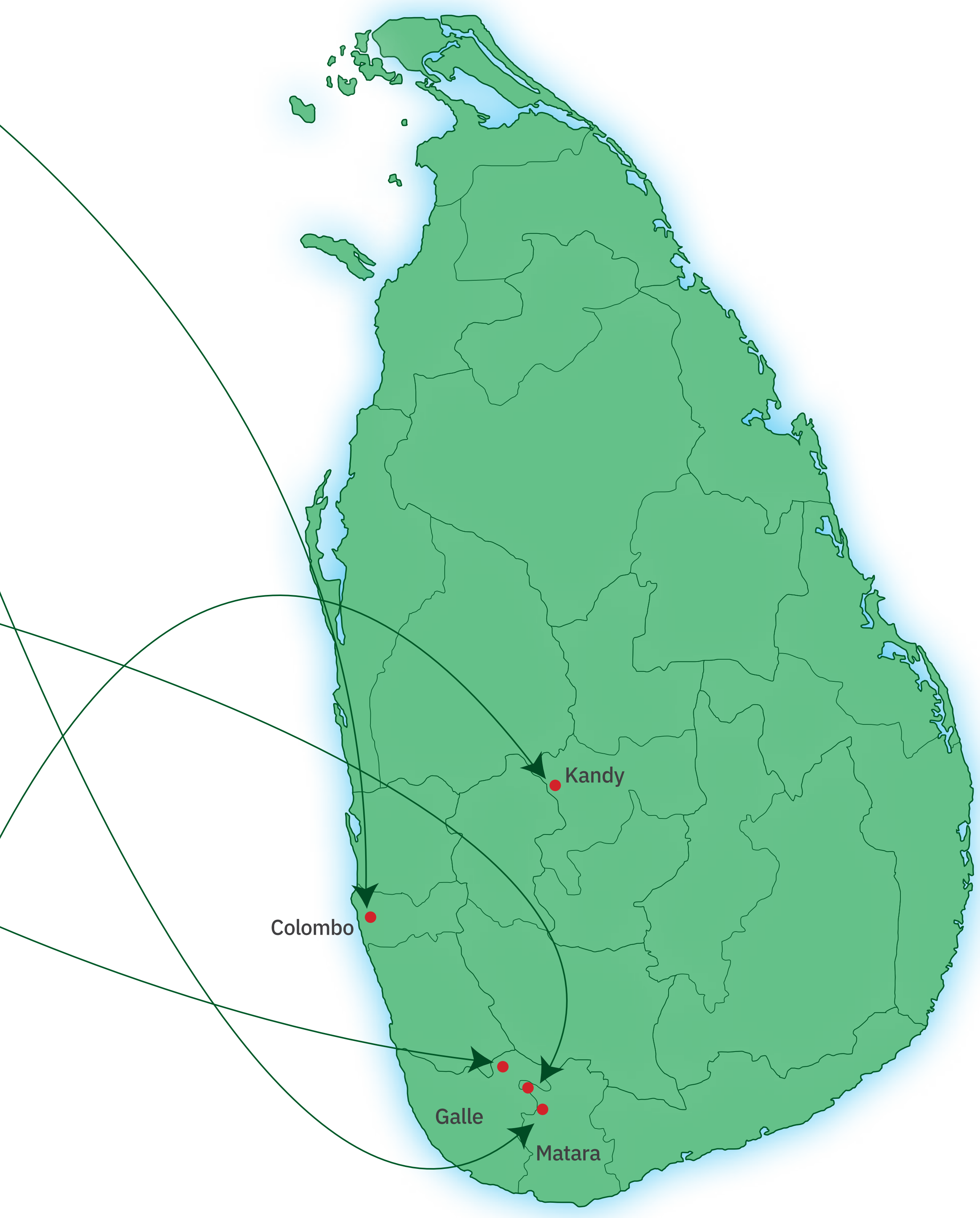
Factory Manager	–	0	Factory Staff	–	2
Office Staff	–	3			

Manikdewela Tea Factory

District	Kandy	**Sub District**	Yatinuwara
Village	Manikdewela	**Elevation**	Western Medium
Trade Mark	Manikdewela	**Type of Production**	Orthodox Teas

Human Resources

Factory Manager	–	1	Factory Staff	–	2
Office Staff	–	2			


Kandy
Colombo
Galle
Matara

Factory-wise Profit/(Loss)

Sales

Table – 06

As at 31st March Kalubowitiyana Tea Factory Limited	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Gross Sales	1,212,061,970	232,593,636	124,233,100	81,781,930	-	1,650,670,636
Less: Brokerage & Sales Expenses	-12,745,517	-5,114,073	-1,761,474	-1,417,407	-	-21,038,471
	1,199,316,453	**227,479,563**	**122,471,626**	**80,364,523**	**-**	**1,629,632,165**
Add/Less - Inter Factory Transaction						-
Add: Local Sales	22,990,365	6,378,671	126,323	1,176,115	17,898,220	48,569,693
Total	**1,222,306,818**	**233,858,234**	**122,597,949**	**81,540,637**	**17,898,220**	**1,678,201,858**

Cost of Sales

Table – 07

As at 31st March Kalubowitiyana Tea Factory Limited	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Bought Leaf	928,127,253	177,310,443	127,700,860	80,373,367	-	1,313,511,923
Manufacturing Cost						-
Production Cost	137,891,989	42,800,919	39,589,911	25,955,420	11,457,190	257,695,428
General Charges	53,906,061	29,491,195	20,346,148	14,437,563	3,406,061	121,587,028
	1,119,925,303	**249,602,558**	**187,636,918**	**120,766,350**	**14,863,251**	**1,692,794,379**
Add: Opening Stock	81,191,588	70,408,656	23,086,556	21,794,360	1,563,488	198,044,648
Less: Closing Stock	-134,424,750	-1,300,754	-60,565,852	-26,418,408	-1,513,428	-224,223,192
Total	**1,066,692,140**	**318,710,460**	**150,157,622**	**116,142,301**	**14,913,311**	**1,666,615,835**
Gross Profit/(Loss)	155,614,677	(84,852,226)	(27,559,673)	(34,601,664)	2,984,909	11,586,023

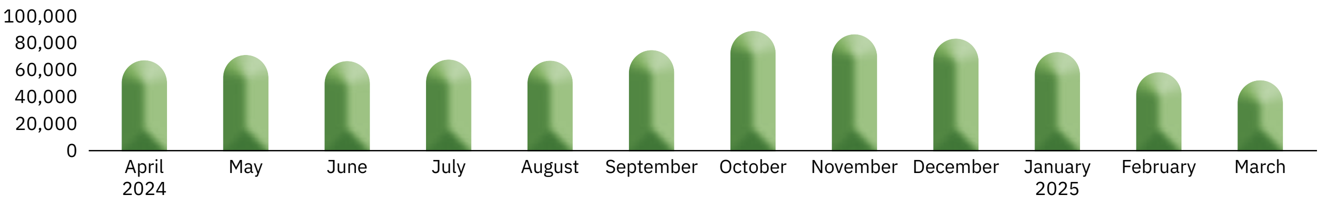
Monthly Production of Tea

Table – 08

Month	KalubowitiyanaTea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
April 2024	81,294	22,950	9,177	8,264	121,685
May	73,560	26,126	17,756	3,095	120,537
June	69,747	17,603	14,173	15,381	116,904
July	68,600	10,155	2,134	13,391	94,280
August	66,541	8,864	301	11,098	86,804
September	78,940	14,097	-	3,692	96,729
October	78,386	13,070	3,740	2,984	98,180
November	76,309	12,076	7,273	3,049	98,707
December	83,335	17,894	11,719	2,016	114,964
January 2025	81,782	12,235	15,613	4,682	114,312
February	59,471	3,861	22,217	8,966	94,515
March	93,239	-	24,730	18,137	136,106
Total	**911,204**	**158,931**	**128,833**	**94,755**	**1,293,723**

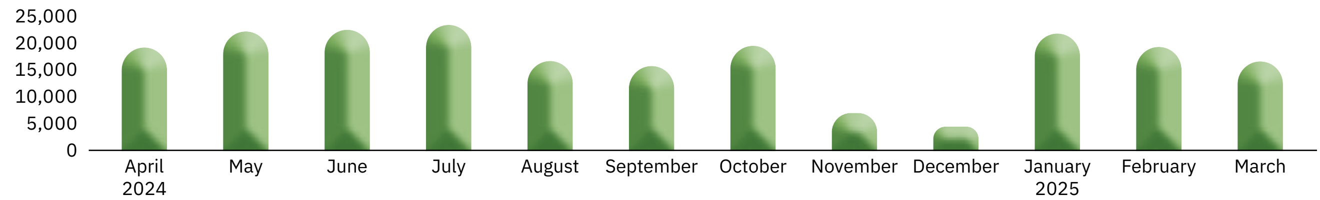
Graph – 08

Kalubowitiyana Tea Factory (Kg)



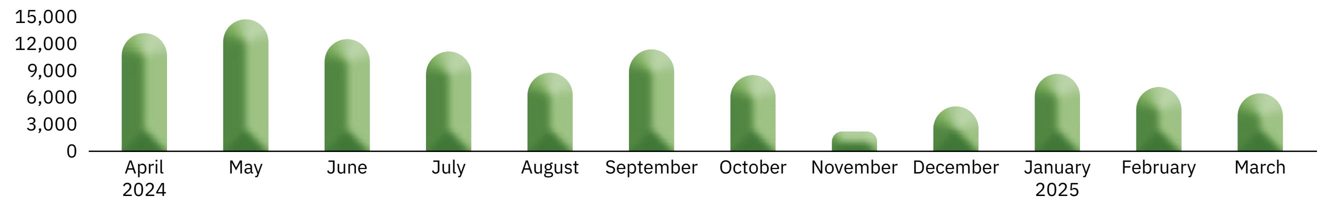
Graph – 09

Derangala Tea Factory (Kg)



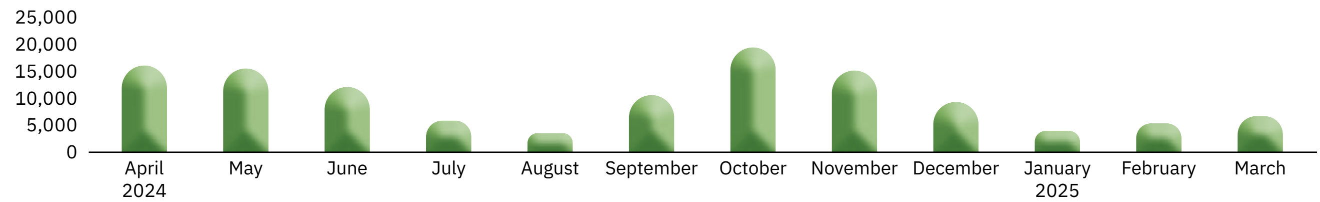
Graph – 10

Hiniduma Hills Tea Factory (Kg)



Graph – 11

Manikdewela Tea Factory (Kg)



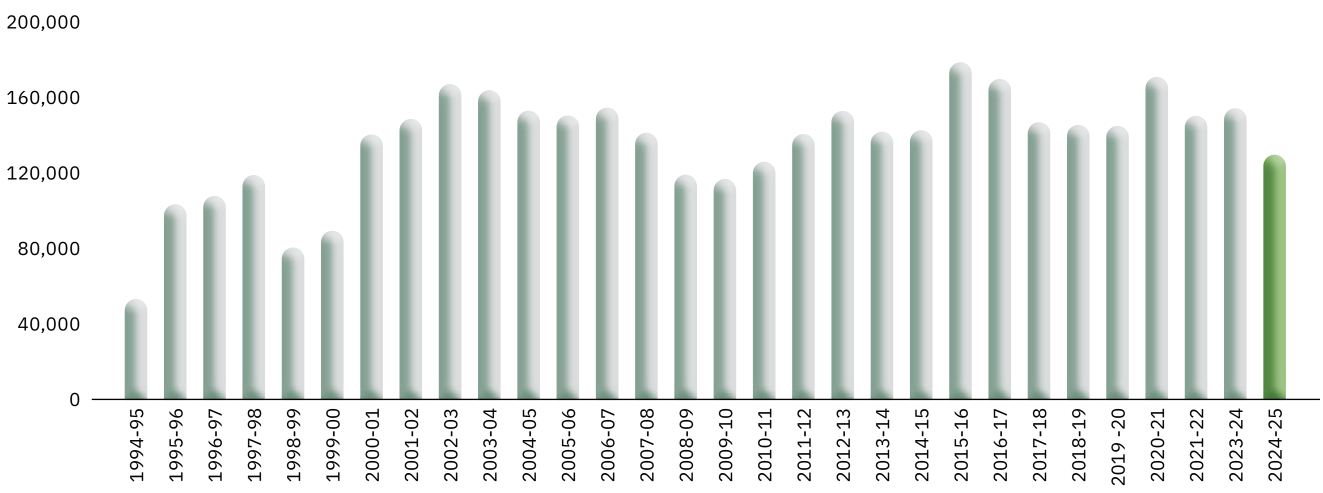
Annual Production of Tea

Table – 09

Year	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)	Total (Kg)
1994-95	536,780	-	-	-	536,780
1995-96	1,038,739	-	-	-	1,038,739
1996-97	1,082,973	-	-	-	1,082,973
1997-98	1,194,418	-	-	-	1,194,418
1998-99	809,741	-	-	-	809,741
1999-00	884,197	14,584	-	-	898,781
2000-01	914,433	494,894	-	-	1,409,327
2001-02	954,905	536,601	-	-	1,491,506
2002-03	1,039,447	636,762	-	-	1,676,209
2003-04	1,154,969	488,915	-	-	1,643,884
2004-05	1,173,659	361,154	-	-	1,534,813
2005-06	1,161,031	348,651	-	-	1,509,682
2006-07	1,272,903	278,828	-	-	1,551,731
2007-08	1,097,681	320,512	-	-	1,418,193
2008-09	967,631	227,617	-	-	1,195,248
2009-10	950,347	222,824	-	-	1,173,171
2010-11	994,746	269,314	-	-	1,264,060
2011-12	1,170,972	240,901	-	-	1,411,873
2012-13	1,110,907	254,706	168,425	-	1,534,038
2013-14	995,844	281,666	146,031	-	1,423,541
2014-15	943,706	315,854	171,751	-	1,431,311
2015-16	994,541	460,860	219,765	117,017	1,792,183
2016-17	811,708	429,382	253,157	209,464	1,703,711
2017-18	731,750	289,634	242,955	210,107	1,474,446
2018-19	807,843	276,186	174,272	202,120	1,460,421
2019-20	900,125	290,262	138,805	125,078	1,454,270
2020-21	916,577	314,349	320,290	163,508	1,714,724
2021-22	815,525	290,193	209,053	193,272	1,508,043
2022-23	1,004,572	234,603	148,406	161,034	1,548,615
2023-24	858,881	208,325	109,986	124,545	1,301,737
2024-25	911,204	158,931	128,833	94,755	1,293,723
Total	**30,202,755**	**8,246,508**	**2,431,729**	**1,600,900**	**42,481,892**

Graph – 12

Annual Production of the Company (Kg)



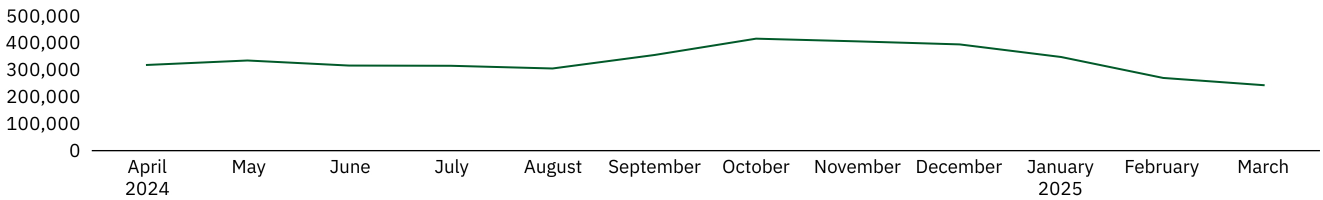
Monthly Green Leaf Intakes

Table – 10

Month	Kalubowitiyana Tea Factory		Derangala Tea Factory		Hiniduma Hills Tea Factory		Manikdewela Tea Factory		Total	
	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)	No. of Suppliers	Supplied (Kg)
April 2024	2,380	370,204	563	123,861	87	43,690	86	37,768	3,116	575,523
May	2,373	355,871	554	139,901	86	87,990	88	14,545	3,101	598,307
June	2,337	330,553	550	92,294	83	68,965	92	73,241	3,062	565,053
July	2,337	318,576	544	49,964	66	10,390	94	66,371	3,041	445,301
August	2,302	316,623	543	44,209	59	3,994	88	58,665	2,992	423,491
September	2,323	373,893	552	69,430	62	5,554	85	17,067	3,022	465,944
October	2,312	376,457	536	68,398	67	19,150	85	14,043	3,000	478,048
November	2,313	362,820	534	62,182	79	34,707	86	14,494	3,012	474,203
December	2,323	397,596	541	94,128	78	57,239	84	9,515	3,026	558,478
January 2025	2,353	388,906	546	63,021	91	77,197	94	22,605	3,084	551,729
February	2,338	292,070	531	40,988	126	105,478	88	41,901	3,083	480,437
March	2,376	437,739	538	49,252	123	120,100	97	86,964	3,134	694,055
Total		**4,321,308**		**897,628**		**634,454**		**457,179**		**6,310,569**

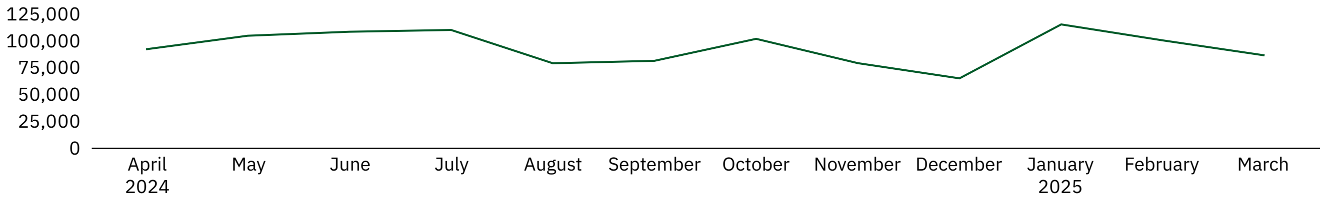
Graph – 13

Kalubowitiyana Tea Factory (Kg)



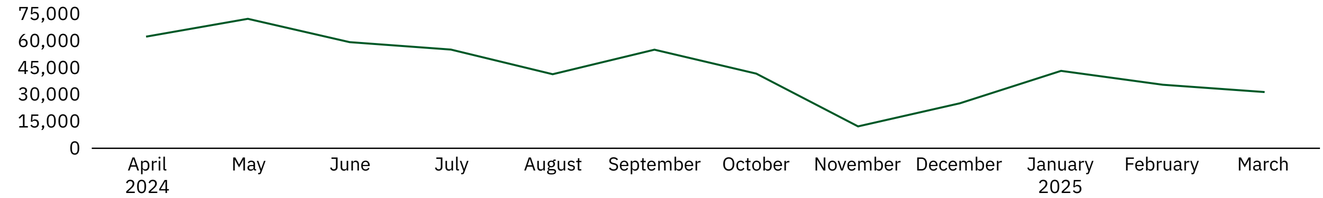
Graph – 14

Derangala Tea Factory (Kg)



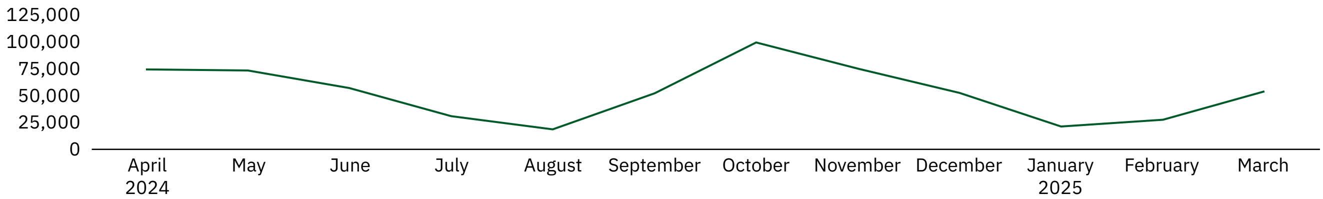
Graph – 15

Hiniduma Hills Tea Factory (Kg)



Graph – 16

Manikdewela Tea Factory (Kg)



Annual Green Leaf Intakes

Table – 11

Year	Kalubowitiyana Tea Factory (Kg)	Derangala Tea Factory (Kg)	Hiniduma Hills Tea Factory (Kg)	Manikdewela Tea Factory (Kg)
1994/95	2,539,978	-	-	-
1995/96	4,758,850	-	-	-
1996/97	5,011,298	-	-	-
1997/98	5,619,161	-	-	-
1998/99	3,764,498	-	-	-
1999/00	4,092,958	68,377	-	-
2000/01	4,225,019	2,283,999	-	-
2001/02	4,406,549	2,452,187	-	-
2002/03	4,779,581	3,042,878	-	-
2003/04	5,316,428	2,274,012	-	-
2004/05	5,464,753	1,727,312	-	-
2005/06	5,362,732	1,688,298	-	-
2006/07	5,859,734	1,339,562	-	-
2007/08	5,061,084	1,559,138	-	-
2008/09	4,455,756	1,129,629	-	-
2009/10	4,406,749	1,114,004	-	-
2010/11	4,634,137	1,359,341	-	-
2011/12	5,421,437	1,136,937	-	-
2012/13	5,161,301	1,243,421	838,887	-
2013/14	4,638,578	1,386,298	731,251	-
2014/15	4,446,200	1,539,561	834,380	-
2015/16	4,774,872	2,249,785	1,095,511	542,106
2016/17	3,941,813	2,113,499	1,235,080	1,033,573
2017/18	3,499,414	1,474,475	1,224,781	1,097,625
2018/19	3,855,520	1,342,705	875,077	1,023,085
2019/20	4,237,689	1,399,915	683,988	625,482
2020/21	4,375,283	1,517,906	1,577,904	800,398
2021/22	3,864,328	1,415,917	1,065,152	901,435
2022/23	4,738,165	1,140,314	721,877	746,857
2023/24	4,041,473	1,125,828	533,677	631,698
2024/25	4,321,308	897,628	634,454	457,179
Total	**141,076,646**	**40,022,926**	**12,052,019**	**7,859,438**

Comparison Details – Production

Contribution to Low Grown CTC Production & National CTC Production

Table – 12

Month	CTC Low Grown (Kg '000)	CTC National (Kg '000)	Production of KTF* (Kg '000)	Contribution to the production Low Grown (%)	Contribution to the production National (%)
April 2024	820,984	1,743,178	54,417	6.63	3.12
May	919,364	2,123,853	65,334	7.11	3.08
June	868,792	2,124,188	80,740	9.29	3.80
July	872,392	2,016,278	84,664	9.70	4.20
August	962,089	1,876,654	60,904	6.33	3.25
September	1,062,931	2,180,508	60,093	5.65	2.76
October	981,296	2,004,575	86,828	8.85	4.33
November	888,828	2,089,276	67,381	7.58	3.23
December	839,906	1,930,307	72,394	8.62	3.75
January 2025	788,032	1,840,878	66,387	8.42	3.61
February	589,527	1,411,007	86,375	14.65	6.12
March	805,136	2,131,826	76,460	9.50	3.59
Total	**10,399,277**	**23,472,528**	**861,973**	**8.29**	**3.67**

* Kalubowitiyana Tea Factory

Contribution to Low Grown Orthodox Production & National Orthodox Production

Table – 13

Month	Orthodox Production Low Grown (Kg '000)	Orthodox Production Medium (Kg '000)	Orthodox Production National (Kg '000)	Production DTF, HHTF (Kg '000)	Production MTF (Kg '000)	Contribution to the production Low Grown (%)	Contribution to the production Medium (%)	Contribution to the production National (%)
April 2024	12,498,798	3,035,857	19,570,285	13,166	10,043	0.17	0.33	0.15
May	13,341,372	3,644,936	22,737,352	18,865	14,551	0.20	0.40	0.18
June	12,839,891	3,590,612	20,672,039	18,015	16,001	0.22	0.45	0.21
July	12,409,432	3,262,506	20,638,358	28,680	9,037	0.37	0.28	0.26
August	12,717,583	3,061,915	19,222,140	16,281	14,477	0.19	0.47	0.19
September	14,176,579	3,447,713	21,763,044	17,967	11,382	0.18	0.33	0.17
October	12,451,162	2,899,120	18,965,218	18,395	4,879	0.15	0.17	0.12
November	11,988,043	3,470,515	20,009,303	10,720	3,035	0.09	0.09	0.06
December	12,515,827	3,024,267	19,594,317	13,831	2,660	0.16	0.09	0.11
January 2025	12,509,626	2,694,655	19,430,931	15,500	2,228	0.19	0.08	0.13
February	8,966,264	1,975,632	14,026,917	16,504	3,182	0.29	0.16	0.2
March	13,014,121	4,041,727	22,059,746	8,739	10,998	0.21	0.27	0.17
Total	**149,428,698**	**38,149,455**	**238,689,650**	**196,660**	**102,471**	**0.20**	**0.27**	**0.17**

* Derangala, Hiniduma Hills & Manikdewela Tea Factory

Comparison Details – Production

Contribution to Low Grown Tea Production & National Tea Production by the Company

Table – 14

Month	Total Production			Total Production	Contribution to the production		
	Low Grown (Kg '000)	Medium (Kg '000)	National (Kg '000)	Company (Kg '000)	Low Grown (%)	Medium (%)	National (%)
April 2024	13,320,564	3,555,261	21,464,608	75,166	0.56	0.28	0.35
May	14,261,481	4,405,082	24,549,734	91,739	0.64	0.33	0.37
June	13,708,937	4,382,934	23,024,387	109,507	0.80	0.37	0.48
July	13,282,099	4,030,201	22,891,566	129,968	0.98	0.22	0.57
August	13,679,956	3,778,300	21,281,939	84,673	0.62	0.38	0.40
September	15,239,934	4,198,777	24,133,248	85,939	0.56	0.27	0.36
October	13,432,801	3,607,331	21,149,335	105,878	0.79	0.14	0.50
November	12,877,572	4,296,832	22,302,195	78,101	0.61	0.07	0.35
December	13,356,145	3,754,552	21,714,932	91,912	0.69	0.07	0.42
January 2025	13,298,112	3,478,404	21,463,016	90,716	0.68	0.06	0.42
February	9,556,056	2,595,473	15,596,129	112,367	1.18	0.12	0.72
March	13,819,640	4,943,337	24,428,784	103,284	0.75	0.22	0.42
Total	**159,833,297**	**38,149,455**	**262,162,178**	**1,261,720**	**0.79**	**0.27**	**0.48**

Comparison of Sales Averages with Elevation

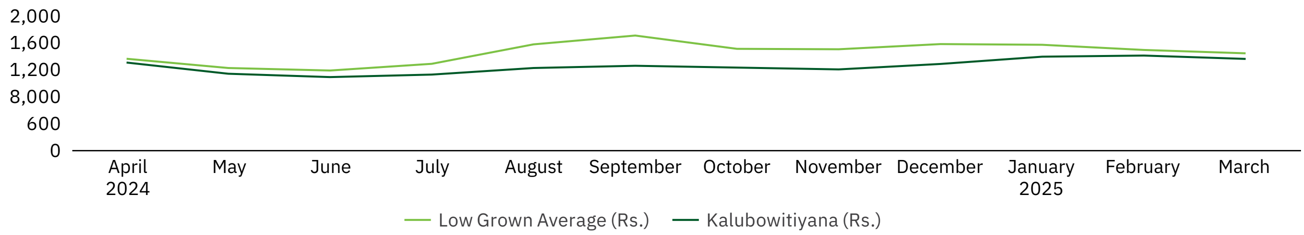
Comparison with Low Grown Elevation Average

Table – 15

Month	Low Grown Average (Rs.)	Monthly Average					
		Kalubowitiyana Tea Factory (Rs.)	Variance	Derangala Tea Factory (Rs.)	Variance	Hiniduma Tea Factory (Rs.)	Variance
April 2024	1,295.49	1,433.90	138.41	1,287.30	(8.19)	1,192.60	(102.89)
May	1,367.80	1,349.64	(18.16)	1,349.21	(18.59)	1,154.33	(213.47)
June	1,336.85	1,252.22	(84.63)	1,204.08	(132.77)	1,262.29	(74.56)
July	1,299.84	1,285.30	(14.54)	1,222.01	(77.83)	1,239.87	(59.97)
August	1,256.62	1,420.71	164.09	1,133.54	(123.08)	1,001.00	(255.62)
September	1,282.63	1,542.16	259.53	1,023.55	(259.08)	815.02	(467.61)
October	1,233.29	1,452.99	219.70	1,156.98	(76.31)	939.77	(293.52)
November	1,191.73	1,400.14	208.41	1,108.58	(83.15)	-	(1,191.73)
December	1,253.76	1,414.06	160.30	1,202.93	(50.83)	1,380.58	126.82
January 2025	1,256.60	1,420.85	164.25	1,219.14	(37.46)	1,319.98	63.38
February	1,225.50	1,409.00	183.50	1,248.40	22.90	1,154.88	(70.62)
March	1,236.32	1,460.43	224.11	1,031.05	(205.27)	1,313.61	77.29

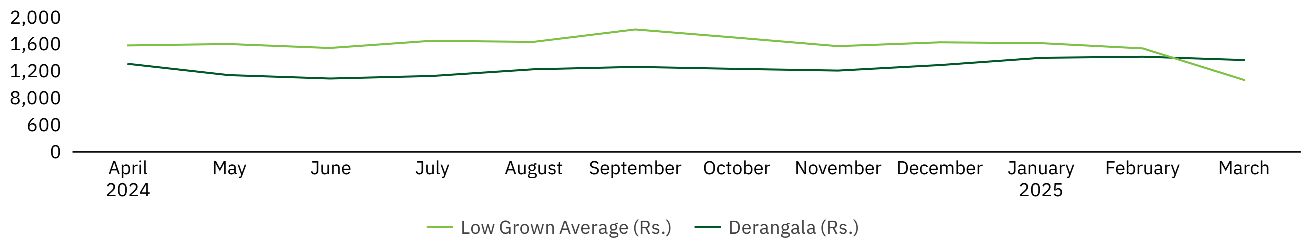
Graph – 17

Kalubowitiyana Tea Factory (Rs.)



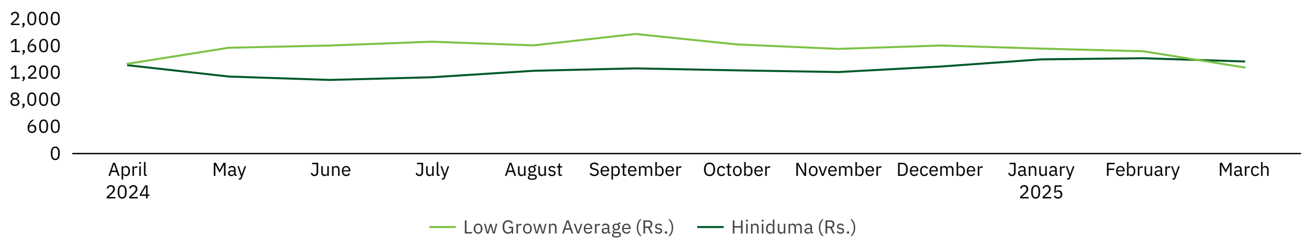
Graph – 18

Derangala Tea Factory (Rs.)



Graph – 19

Hiniduma Hills Tea Factory (Rs.)



Comparison of Sales Averages with Elevation

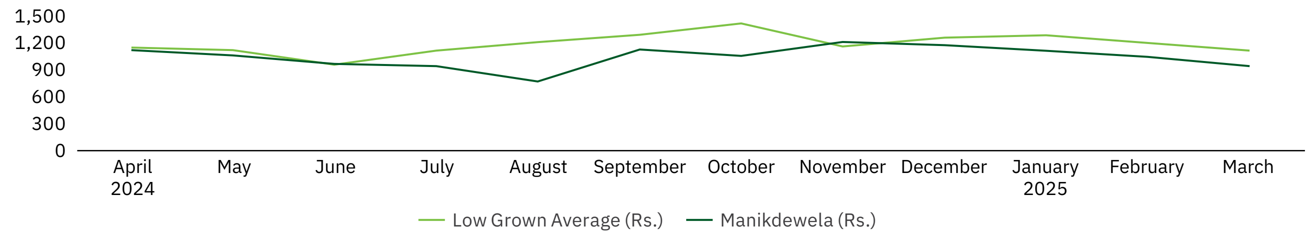
Comparison with Medium Grown Elevation Average

Table – 16

Month	Medium Grown Average (Rs.)	Monthly Average	
		Manikdewela (Rs.)	Variance
April 2024	1,067.92	853.90	(214.02)
May	1,074.79	801.69	(273.10)
June	1,087.07	1,187.37	100.30
July	1,070.42	1,102.58	32.16
August	1,032.38	881.77	(150.61)
September	1,041.37	849.39	(191.98)
October	1,017.91	879.59	(138.32)
November	990.25	851.55	(138.70)
December	1,037.77	870.72	(167.05)
January 2025	1,038.05	940.93	(97.12)
February	1,028.28	1,051.82	23.54
March	1,056.30	1,060.82	4.52

Graph – 20

Manikdewela Tea Factory (Rs.)



Top Prices – Year 2024-25

Factory	Sale Date	Sale No	Invoice No	Broker	Grade	Price
Menikdiwela	26.03.2025	12	230	F&W	op	1340
Kalubowitiyana	24-04-2024	16	688	LCBL	PD	1440
	30-04-2024	17	662	JK	PD	1600
	08-05-2024	18	705	F&W	PD	1600
	15-05-2024	19	24	JK	PD	1650
	15-05-2024	19	06,18	ASIA	PF1	1460
	28-05-2024	21	36	F&W	PF1	1280
	18-06-2024	24	81,93	F&W	PF1	1280
	18-06-2024	24	88	JK	PF1	1280
	25-06-2024	25	112	JK	PD	1220
	02-07-2024	26	113	LCBL	PF1	1300
	09-07-2024	27	147	BARTLEET	PD	1300
	30-07-2024	30	182	F&W	PD	1260
	06-08-2024	31	200	BARTLEET	PD	1320
	13-08-2024	32	216	BARTLEET	PFGS	1160
	27-08-2024	34	241	F&W	PF1	1550
	27-08-2024	34	231	F&W	PD	1400
	03-09-2024	35	250,256	ASIA	PF1	1600
	11-09-2024	36	260,268	LCBL	PF1	1550
	11-09-2024	36	261,269	F&W	PF1	1550
	11-09-2024	36	262,271	ASIA	PF1	1550
	11-09-2024	36	267,272	CTB	PF1	1550
	11-09-2024	36	263	MERCANTILE	PF1	1550
	11-09-2024	36	264,270	JK	PF1	1550
	11-09-2024	36	266	BARTLEET	PF1	1550
	11-09-2024	36	273	JK	PD	1380
	11-09-2024	36	276	BARTLEET	PFGS	1300
	18-09-2024	37	284	ASIA	PF1	1600
	18-09-2024	37	278	MERCANTILE	PF1	1600
	18-09-2024	37	279,285	JK	PF1	1600
	18-09-2024	37	280,283	BARTLEET	PF1	1600
	18-09-2024	37	281,286	CTB	PF1	1600
	18-09-2024	37	282,287	LCBL	PF1	1600
	24-09-2024	38	299	JK	PF1	1650
	24-09-2024	38	293	BARTLEET	PF1	1650
	24-09-2024	38	295	LCBL	PF1	1650
	24-09-2024	38	296	F&W	PF1	1650
	24-09-2024	38	291	BARTLEET	PD	1320
	02-10-2024	39	304	JK	PF1	1600
	02-10-2024	39	305,314	BARTLEET	PF1	1600
	02-10-2024	39	306,315	CTB	PF1	1600
	02-10-2024	39	307,316	LCBL	PF1	1600

Top Prices – Year 2024-25

Factory	Sale Date	Sale No	Invoice No	Broker	Grade	Price
	02-10-2024	39	309,318	F&W	PF1	1600
	02-10-2024	39	310,311	ASIA	PF1	1600
	02-10-2024	39	308	F&W	PD	1320
	09-10-2024	40	324	ASIA	PF1	1600
	16-10-2024	41	341	JK	PF1	1550
	06-11-2024	44	386	MERCANTILE	PF1	1440
	06-11-2024	44	381,387	CTB	PF1	1440
	06-11-2024	44	388	LCBL	PF1	1440
	06-11-2024	44	384,389	F&W	PF1	1440
	13-11-2024	45	404	JK	PD	1440
	20-11-2024	46	415	CTB	PF1	1420
	20-11-2024	46	412,418	ASIA	PF1	1420
	16-12-2024	50	466,474	CTB	PF1	1460
	16-12-2024	50	467	MERCANTILE	PF1	1460
	16-12-2024	50	468	LCBL	PF1	1460
	16-12-2024	50	471	JK	PD	1440
	23-12-2024	51	494	ASIA	PF1	1380
	23-12-2024	51	483,490	F&W	PF1	1380
	23-12-2024	51	484,491	LCBL	PF1	1380
	23-12-2024	51	485,492	CTB	PF1	1380
	23-12-2024	51	486,495	BARTLEET	PF1	1380
	23-12-2024	51	488,493	JK	PF1	1380
	23-12-2024	51	489	MERCANTILE	PF1	1380
	08-01-2025	1	507	CTB	PF1	1460
	15-01-2025	2	516	ASIA	PF1	1480
	15-01-2025	2	513	BARTLEET	PD	1500
	22-01-2025	3	536	ASIA	PF1	1480
	28-01-2025	4	544	ASIA	PF1	1480
	05-02-2025	5	559,562,565,568	JK	PF1	1440
	05-02-2025	5	563	ASIA	PF1	1440
	05-02-2025	5	572	JK	PD	1380
	11-02-2025	6	579,582,585	ASIA	PF1	1460
	19-02-2025	7	599,605	F&W	PF1	1460
	19-02-2025	7	607	ASIA	PD	1400
	26-02-2025	8	618,621	ASIA	PF1	1480
	26-02-2025	8	616	LCBL	PF1	1480
	05-03-2025	9	632	JK	PF1	1500
	11-03-2025	10	650,640	ASIA	PF1	1500
	19-03-2025	11	666	F&W	PF1	1500
	19-03-2025	11	657	LCBL	PF1	1500
	19-03-2025	11	658,664,661,667	JK	PF1	1500
	19-03-2025	11	659,662,665,668	ASIA	PF1	1500

CSR Activities

i. Tea Small holder meeting Derangala

Honoring the Heart of Our Success: Our People...

At the core of everything we do is our most valuable asset — our people. Their dedication, resilience, and passion are the driving forces behind our progress. We are deeply committed to their well-being, growth, and empowerment, because we believe that when our people thrive, our entire community and organization flourish.

Together, we grow. Together, we succeed.

ii. Annual Navam Maha Perahera

A Sacred Day of Culture and Unity....

The dedicated staff and esteemed Chairman of Kalubowitiyana Tea Factories Ltd had the distinct honor of participating in the annual Navam Maha Perahera at the serene and spiritually enriching Derangala Selagiri Temple.

It was a day steeped in tradition — vibrant with color, rhythm, and the deep cultural heritage that defines our nation. The air was filled with the blessings of devotion, the echoes of sacred chants, and the joy of a community coming together in unity and reverence.

We are truly grateful to have taken part in this sacred celebration, and we carry forward the spiritual grace and cultural pride it inspired in all of us.

May the blessings of this sacred event guide our path forward.

iii. Tea Small holder meeting Manikdiwela

Fostering Collaboration for a Stronger Future...

We were pleased to engage in a meaningful and productive discussion with representatives from SLTB and TSHDA at the Menikdiwela Tea Factory, Pilimathalawa. This important gathering brought together representatives from all Tea Small Holders' Societies, key officials, and dedicated community stakeholders from the surrounding regions.

The dialogue centered around strengthening collaboration, addressing shared challenges, and ensuring the well-being and sustainability of all those involved in the tea industry.

With open hearts and mutual respect, we are confident that — just as we successfully rekindled trust and unity in Derangala and Hiniduma Tea Factories — we can once again restore the long-lost faith of the people in Menikdiwela and beyond.

Together, we move forward with renewed purpose, grounded in community, transparency, and shared progress.

Stronger Together | Growing Forward

iv. Free Medical Camp at Derangala Tea Factory

Empowering Communities Through Care...

As part of the Clean Sri Lanka Project, a large-scale free medical camp was successfully held at the Derangala Tea Factory, under the esteemed guidance and support of Hon. Minister Samantha Vidyaratna and Hon. Minister Nalinda Jayatissa, with the gracious patronage of the Ministry of Health.

This impactful initiative brought together a dedicated team of nearly 35 doctors and 85 healthcare professionals, who collectively extended their services to over 1,000 individuals from the surrounding communities — offering much-needed medical attention, consultation, and care.

Beyond the provision of healthcare, this initiative served as a bridge — strengthening the bond between the factory and the local community, and helping to restore and reinforce the trust and goodwill of the people.

Together, we move forward — healthier, stronger and united in purpose

Awards and Recognition

2004

Trans World Gold Star Award
Institute of Economic Studies

2005

All Island Highest Sale Average
For the Year F&W

2009

Highest Number of Top Price In the CTC Low - Grown Category From the Year LCBL

Valued Partner In Progress LCBL

2011

All Island Most Number of Top Prices For the Year F&W

Highest Sale Average For the Year CTC Low Category F&W

All Island Highest Sale Average For the Year Black Tea Category F&W

Most Number of Top Prices For the Year (Off Grade) F&W

Most Number of Top Prices For the Year (PD Category) F&W

Highest Net Sale Average of 434.14 During the 2nd Quarter Asia Siyaka

2012

All Island Highest Sale Average
For the Year F&W

Most Number of Top Prices For the Year (PD Category) F&W

2014

Highest Sale Average For the Year CTC Low Category F&W

2015

Ceylon Specialty Estate Tea of The Year Award Winner at the Competition Held in Dubai (Grade - PF1) Sri Lanka Tea Board

Ceylon Specialty Estate Tea of The Year Award Winner at the Competition Held in Dubai (Grade - BP1) Sri Lanka Tea Board

2017

Best Tea Factory Regional Level
Sri Lanka Tea Board

Best Tea Factory Regional Level
National Tea Awards

Ceylon Specialty Estate Tea of The Year Finalist at the Competition Held at China
Sri Lanka Tea Board

2022

All Time Record Price John Keells

Successful Public enterprises that adhere to financial regulations Buyer – Uniworld Teas

2024-25

Prestigious runner-up for the Best CTC Tea Producer

We are proud to share that Kalubovitiyana Tea Factory has been honoured as the Runner-Up for Best CTC Tea Producer of the Year 2024, a prestigious recognition presented by the Tea Exporters Association of Sri Lanka. This esteemed accolade stands as a testament to our unwavering commitment to excellence and innovation in tea production.

CNCI Achiver Awards 2024

In recognition of our unwavering commitment to industrial excellence, Kalubovitiyana Tea Factory has been honoured at the national level in the Manufacturing Sector – Extra Large Category. This prestigious accolade reflects our continued dedication to innovation, operational excellence, and impactful contribution to Sri Lanka's manufacturing landscape.

Tea – A Lifestyle & A Livelihood – Colombo International Tea Convention 2024

We are honoured to announce that our estate has been awarded the prestigious title of Ceylon Speciality Estate Tea of the Year 2024 at the Colombo International Tea Convention. This distinguished recognition celebrates our dedication to crafting award-winning, fine-quality Ceylon tea, upholding the rich heritage and excellence of Sri Lanka's tea industry.

Director's Report

Report of the Directors of Kalubowitiyana Tea Factory Ltd

The Directors present herewith their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2025 under review.

The Audited Financial Statements of the Company for the year ended 31st March 2025 and the Report of the Auditor have not been provided due to pending finalization by the Auditor General's Department. Upon finalization the Audited Financial Statements for the year ended 31st March 2025 and the Report of the Auditor will be circulated among the shareholders for adoption by convening an Extraordinary General Meeting.

Summarised Financial Position:

The summarized financial position is as follows:

Table – 18

For the Year Ended 31st March	2025 Rs.	2024 Rs.
Revenue	1,678,201,858.39	1,802,165,017
Cost of Sales	(1,666,615,835.04)	(1,747,661,088)
Gross Profit	**11,586,023.35**	**54,503,929**
Other Operating Income	32,619,154.02	49,849,950
Profit Before Operating Expenses	**44,205,177.37**	**104,353,880**
Administration Expenses	(76,320,780.30)	(63,425,441)
Selling & Distribution Expenses	(795,349.14	(4,031,339)
Profit from Opera ting Activities	**32,910,952.07**	**36,897,100**
Finance Income	25,740,078.91	32,494,112
Finance Expenses	-	-
Net Finance Income	**25,740,078.91**	**32,494,112**
Net Profit Before Taxation	**(7,170,873.16)**	**69,391,212**
Taxation	(1,136,447.32)	(13,816,705)
Net Profit After Taxation	**(8,307,320.48)**	**55,574,507**
Earnings Per Share	(1.79)	11.98
Statement of other Comprehensive Income		
Net Profit After Taxation	(8,307,320.48)	55,574,507
Revaluation of Property plant & Equipment	34,977,499.95	34,400,000
Actuarial Gain/(Losses) on Retirement Benefits	1,737,304.00	1,427,352
Deferred Tax Gain/ (Loss)	(9,972,058.99)	(10,748,205)
Total Comprehensive Income for the year	**14,960,816,49**	**80,653,654**

Director's Report

Accounting Policies

The Accounting Policies adopted in the preparation of Financial Statements are given on pages 52 to 74. There were no material changes in the Accounting Policies adopted.

Directors' Remuneration and Other Benefits

Directors' remuneration for the financial year ended 31st March 2025 is given in the Notes to the financial statements.

Present Audit Committee Members

Mr. R. A. S. K. Ranasinghe

Mrs. D. M. M. Dissanayaka

Mr. A. A. Wilson

Directors who Tendered Resignation within the Financial Year

Mr. W. A. L. Wickrama Arachchi
(Resigned with effect from 15th January 2025)

Mr. R. H. S. T. Samaratunga
(Resigned with effect from 22nd January 2025)

Mr. R. C. D. Jayawardena
(Resigned with effect from 22nd January 2025)

Mr. D. S. M. Jayasekara
(Resigned with effect from 22nd January 2025)

Directors Appointed within the Financial Year

Ms. D. M. Manel Dissanayake
(Appointed to the Board on 15th January 2025)

Mr. K. K. Sunil Malwatta
(Appointed to the Board on 22nd January 2025)

Mr. L. K. Kodippili
(Appointed to the Board on 22nd January 2025)

Mr. A. A. Wilson
(Appointed to the Board on 22nd January 2025)

Present Directors

Mr. S. S. Samarasinghe – Chairman

Mr. R. A. S. K. Ranasinghe

Mrs. D. M. M. Dissanayaka

Mr. L. K. Kodippili

Mr. K. K. S. Malwaththa

Mr. A. A. Wilson

Mr. P. D. S. A.Gunasekara

Mr. W. G. R. D. Wimalarathne

Auditors

The accounts for the year under review were audited by the Auditor General who have offered themselves for re-appointment. In accordance with the Companies Act No. 7 of 2007 a resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors were paid Rs. 618,000.00 as audit fees by the Company.

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

By Order of the Board

P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED
(PV 2631)
Company Secretary / Director / Authorised Signatory
Company Secretary Reg. No. SEC/(2)/96-25

Director | Secretaries

Colombo, 18th November 2025

Audit Committee Report

In accordance with Guideline on Corporate Governance for State Owned Enterprises issued by the Department of Public Enterprises, Audit Committee consists of three non-executive directors and chaired by the treasury representative.

As per the guideline, the Audit Committee should assist the Board of Directors in ensuring that financial reporting complies with relevant Sri Lanka Accounting Standards and other applicable legal requirements by continuously reviewing and monitoring compliance with all relevant rules, regulations, and government circulars. Also, Audit Committee is responsible to make recommendations to the Board by reviewing the internal control system and the reports from internal and external audits, and COPE recommendations; enabling the Board in taking corrective actions.

Committee Meetings

The Committee convened four times in the year under review, with all members present, and examined the procedure for evaluating the efficacy of the internal control system in providing an acceptable level of assurance for the safeguard of assets.

Table – 19

Name of the Committee Member	9th April 2024	17th July 2024	20th March 2025
Mr.Thushara Rodrigo (Resigned w.e.f 28.11.2024)	✓	✓	✗
Ms.D.M.M. Dissanayake	✓	✓	✓
Mr.D.S.M. Jayasekara (Resigned w.e.f 22.01.2025)	✓	✓	✗
Mr.R.A.S. Kumara Ranasinghe (Appointed w.e.f 07.02.2025)	✗	✗	✓
Mr.Lahiru Kumuditha Kodippili (Appointed w.e.f 07.02.2025)	✗	✗	✓
Mr.K.K.Sunil Malwatta (Appointed w.e.f 07.02.2025)	✗	✗	✓
Mr.A.A.Wilson (Appointed w.e.f 07.02.2025)	✗	✗	✓

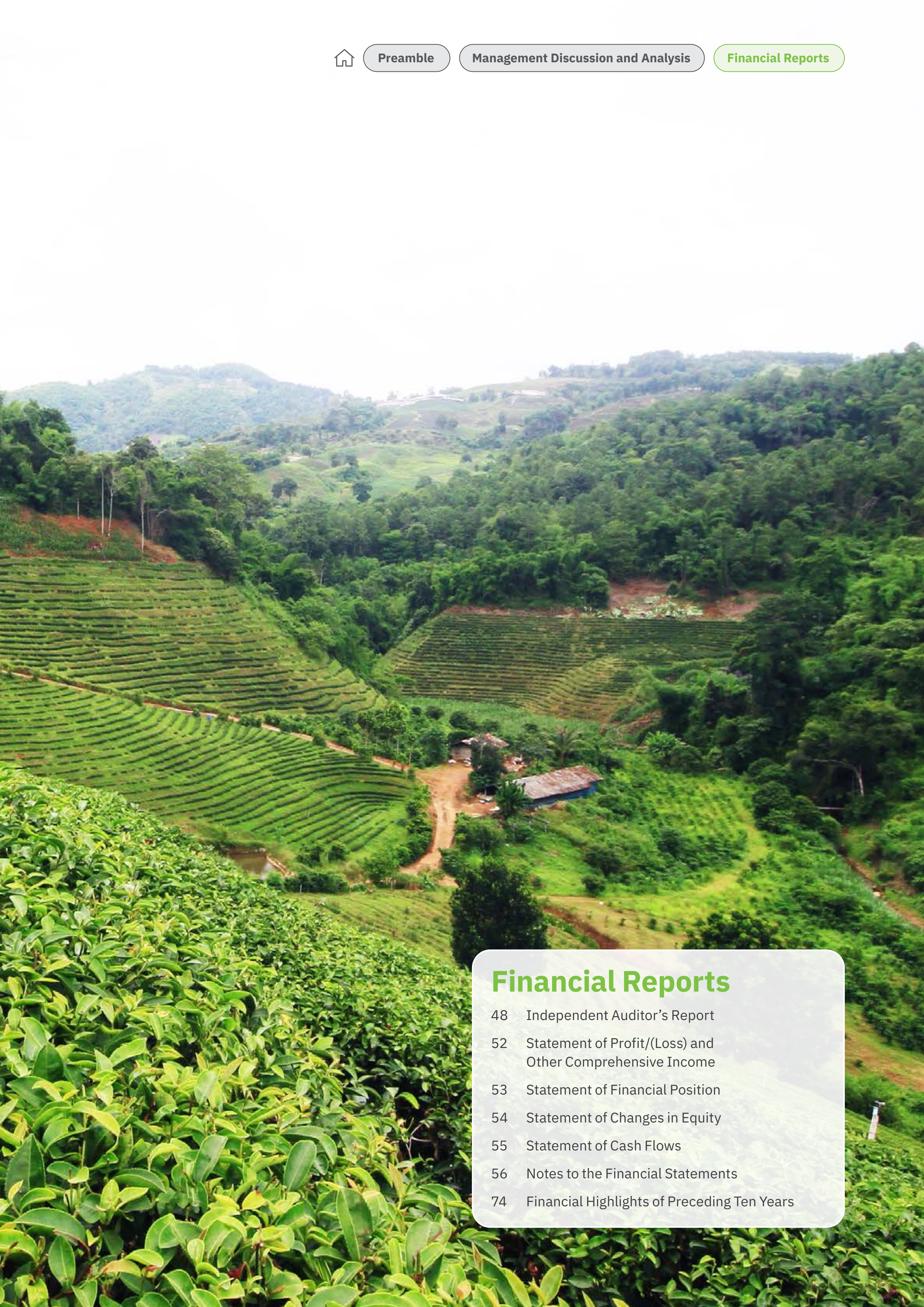
Attendance by Invitation

Chairman, Managing Director, Finance Manager, and Internal Audit officer attended the meetings by invitation. The Assistant Auditor General representing the National Audit office, Internal Auditor of the Ministry of Plantation Industries participated for the meetings as observers.

Activities of the Committee During the Year

- Examined the annual financial statements of the company.
- Reviewed the internal audit reports, along with the corresponding responses of relevant parties.
- Reviewed the answers prepared to submit for the Audit Queries raised by the National Audit
- Office relevant to the year and made suitable recommendations.
- Reviewed and discussed the reports relating to disciplinary actions, factory operations, and information system.
- Recommended necessary risk mitigation strategies, necessary controls, and internal control monitoring mechanisms to improve the business operations.

The Audit Committee concludes that terms of reference of the Committee covered the subjects in all material aspects.



Financial Reports

Auditor's Report

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. PAL/D/KTFL/01/2024/2025/07
ඔබේ අංකය / உமது இல. / Your No.
දිනය / திகதி / Date 16th September 2025

Chairman
Kalubowitiyana Tea Factory Limited

Auditor General's report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements for the year ended 31 March 2025 of Kalubowitiyana Tea Factory Limited.

1. Financial Statements

1.1 Opinion

The audit of the financial statement of Kalubowitiyana Tea Factory Limited ("Company") for the year ended 31 March 2025 comprising the statement of financial position as at 31 March 2025 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018 and Companies Act, No. 07 of 2007. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information contained in the Annual Report 2024/2025 of the Company

Other information means information, though included in the Annual Report 2024/2025 of the Company which is expected to be handed over to me after the date of this audit but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion on it.

My responsibility in relation to my audit on financial statements is to read other information whenever available and to consider whether there are material inconsistencies between the financial statements or my knowledge gained otherwise and other information in doing so.

On the basis of other information obtained by me and tasks carried out by me prior to the date of this audit report, if I concluded that such other information has been materially misstated, I am required to report such matters. I have nothing to report in this regard.

1.4 Responsibilities of the 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 Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
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concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

1.5 Auditor's Responsibility in Auditing Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the 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.

I have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

2. Report on other legal and regulatory requirements

2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018 and the Companies Act No. 7 of 2007.

2.1.1 In terms of the requirements of section 162(2) (d) of the Companies Act No. 7 of 2007 and section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Qualified Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Company had maintained proper financial reports.

2.1.2 The financial statements of the Company are in compliance with the requirements indicated in section 151 of the Companies Act No. 7 of 2007.

2.1.3 In terms of the requirement indicated in Section 6(1) (d) (iii) of the National Audit Act No. 19 of 2018, the

Auditor's Report

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financial statements presented by the Company are consistent with the preceding year.

2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements came to my attention.

2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Company has any interest, direct or otherwise, outside normal business status in any contract entered into by the Company.

2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, other than the following observations, whether the Company has not complied with any applicable written law, or other general or special directions issued by the governing body of the Company;

2.2.3 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Company has not performed according to its powers, functions and duties.

2.2.4 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

2.3 Other Matters

(a) Though there is a nursery with capacity for planting 100,000 tea plants at the premises of the Derangala Tea Factory, tea plants had not been produced in the nursery after July 2023 and it was further observed in the physical observation that the factory management had not paid due attention to the nursery and therefore resources had remained underutilized.

(b) Though 15 illegal occupants have been residing at a 0.802 hectare extent of the 4.075 hectare land which had been assessed and accounted for Rs.23,000,000 on which the Kalubowitiyana Tea Factory is located during the period from 1989 and 1996, the Company had failed to resolve this issue even by the end of the year under review.

(c) Hiniduma Hills and Menikdiwela tea factories founded under the Tea Shakthi Fund were transferred to the Kalubowitiyana Tea Factory Limited for operational activities in the years 2012 and 2015 respectively and Company had also granted a loan of Rs. 50 million to the Tea Shakthi Fund on 19 March 2019. Though approval had been granted in terms of Cabinet decision No: CP/19/0743/117/024 and dated 19th March 2019 for the lawful acquisition of the ownership of Hiniduma Hills and Menikdiwela tea factories to the company in lieu of the said capital sum and the interest thereon, the lawful ownership of the said factories had not been acquired even by the end of the year under review.

(d) The Company received Rs. 18,204,900 as government grants in the year 2021 for the adoption of new technology in factories. Out of the approved procurement activities under this, the introduction of new technology for the sharpening of CTC cutters and the purchase and installation of 02 machines for grading CTC tea, had not been completed even by 31 March 2025 and it was observed that grants amounting to Rs. 7,620,900 remained unspent at the company.

(e) Though there were 40 posts in the staff of the head office approved by the Department of Management Services, 19 of them remained vacant along with 36 posts out of 82 posts of the tea factory staff approved by the board of directors and no action had been taken to recruit or to make amendments to the approved cadre.

Auditor's Report

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(f) Derangala Tea Factory had recorded a loss of Rs. 84,852,260 in the year under review, which was an increase of nearly 251 percent when compared with the loss of Rs. 24,157,686 recorded last year. It was observed that Hiniduma Hills and Manikdiwela tea factories had recorded losses of Rs.27,559,672 and Rs.34,601,663 respectively compared to the previous year.

(g) Though the annual finished tea production capacity of Kalubowitiyana, Derangala, Hinduma Hills and Manikdiwela tea factories is 1,440,000 kgs, 576,000 kgs, 516,000 kgs and 300,000 kgs respectively, The finished tea production respectively was 911,204 kgs, 158,926 kgs, 129,130 kgs and 94,755 kgs during the year under review. Accordingly, the underutilization of capacity of Kalubovitiyana tea factory was 37 percent and the underutilization of capacity of Derangala, Hinduma Hills and Manikdiwela tea factories had been as high as 73, 75 and 68 percent respectively.

(h) Though 02 batch weighing machines had been purchased at a cost of Rs.4,031,000 and installed at Hiniduma tea factory in the year 2023, it was observed during the physical inspection conducted by the audit that these machines had remained underutilized as they lacked the capacity to provide the expected reports.

(i) The service of the Managing Director, Manager (Finance & Marketing) and the internal auditor was temporarily interdicted on 27 March 2025 subsequent to a preliminary inquiry in respect of an act of misconduct relating to finished tea stocks and even by the date of the audit action had not been taken to conduct a formal disciplinary inquiry and issue a report.

G.H.D. Dharmapala
Auditor General (Acting)

Kalubowitiyana Tea Factory Limited Statement of Profit/(Loss) and Other Comprehensive Income

Table – 21

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Revenue	03	1,678,201,858.39	1,802,165,017
Cost of Sales	04	(1,666,615,835.04)	(1,747,661,088)
Gross Profit		**11,586,023.35**	**54,503,929**
Other Operating Income	05	32,619,154.02	49,849,950
Profit Before Operating Expenses		**44,205,177.37**	**104,353,880**
Administration Expenses	06	(76,320,780.30)	(63,425,441)
Selling & Distribution Expenses	07	(795,349.14)	(4,031,339)
Profit From Operating Activities		**(32,910,952.07)**	**36,897,100**
Finance Income	08.1	25,740,078.91	32,494,112
Finance Expenses	08.2	-	-
Net Finance Income		25,740,078.91	32,494,112
Net Profit Before Taxation		**(7,170,873.16)**	**69,391,212**
Taxation	09	(1,136,447.32)	(13,816,705)
Net Profit After Taxation		**(8,307,320.48)**	**55,574,507**
Earnings Per Share	10.1	(1.79)	11.98
Net Profit After Taxation		(8,307,320.48)	55,574,507
Revaluation of Property plant & Equipment		34,977,499.95	34,400,000
Actuarial Gain/(Losses) on Retirement Benefits		(1,737,304.00)	1,427,352
Deferred Tax Gain/(Loss)		(9,972,058.99)	(10,748,206)
Total Comprehensive Income for the year		**14,960,816.49**	**80,653,654**

Notes on pages 56 to 73 form an integral part of these Financial Statements.

Kalubowitiyana Tea Factory Limited
Statement of Financial Position

Table – 22

As at 31st March	Note	2025 Rs.	2024 Rs.
ASSETS			
Non Current Assets			
Property Plant & Equipment	11	472,935,124.23	468,143,153
Biological Assets	12	14,680,173.10	11,898,706
Total Non Current Assets		**487,615,297.33**	**480,041,858**
Current Assets			
Inventories	13	276,693,418.81	252,295,140
Trade & other Receivables	14	96,017,546.32	104,382,530
Short Term Investment	15	346,876,625.42	322,783,887
Cash & Cash Equivalents	16	266,805.42	(5,539,276)
Total Current Assets		**719,854,395.97**	**673,922,282**
TOTAL ASSETS		**1,207,469,693.30**	**1,153,964,140**
Equity & Liabilities			
Equity			
Stated Capital	17	46,375,070.00	46,375,070
Grant – General Treasury	18	14,235,750.00	15,558,800
Reserves	18	850,604,093.13	839,423,507
Total Equity		**911,214,913.13**	**901,357,377**
Non Current Liabilities			
Retirement Benefit Obligation	19	27,064,950.27	26,036,956
Deferred Tax Liability	21	99,140,190.14	97,825,883
Total Non Current Liabilities		**126,205,140.41**	**123,862,839**
Current Liabilities			
Trade and Other Payables	20	161,684,529.38	100,551,323
Income Tax Payable	22	8,365,110.38	28,192,600
Total Current Liabilities		**170,049,639.76**	**128,743,923**
TOTAL EQUITY & LIABILITIES		**1,207,469,693.30**	**1,153,964,140**

Notes on pages 56 to 73 form an integral part of these Financial Statements.

We certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.

Manager Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed on behalf of the Board of Directors.

Chairman

Director

26th August 2025

Kalubowitiyana Tea Factory Limited
Statement of Changes in Equity

Table – 23

For the year ended 31st March	Stated Capital Rs.	General Treasury Rs.	Capital Reserves Rs.	Retained Profit Rs.	Total Rs.
Balance As At 31st March 2023	**46,375,070.00**	**16,881,850.00**	**600,000.00**	**821,103,707.45**	**884,960,627.45**
Net Profit for The Year	-	-	-	55,574,507.21	55,574,507.21
Other Comprehensive Income				25,079,146.40	25,079,146.40
Amortization of Grant		(1,323,050.00)			(1,323,050.00)
Devidend Paid				(30,000,000.00)	(30,000,000.00)
Write off receivable interest from BCC Lanka				(31,574,327.25)	(31,574,327.25)
Recognized receivable rent advance as expenditure				(320,126.50)	(320,126.50)
Recognized payable rent for previouse years				-1,039,400.00	-1,039,400.00
Balance As At 31st March 2024	**46,375,070.00**	**15,558,800.00**	**600,000.00**	**838,823,507.31**	**901,357,377.31**
Net Profit for The Year				(8,307,320.48)	(8,307,320.48)
Other Comprehensive Income				23,268,136.97	23,268,136.97
Amortization of Grant		(1,323,050.00)			(1,323,050.00)
SSCL paid for the period October 2022 to March 2024				(1,898,699.53)	(1,898,699.53)
Cost of initial gravure pack making is to be recognized for the years 2019-2024				(1,514,947.61)	(1,514,947.61)
Depreciation of the welfare module was recognized for the fiscal years 2019-2024				(366,583.16)	(366,583.16)
Balance As At 31st March 2025	**46,375,070.00**	**14,235,750.00**	**600,000.00**	**850,004,093.49**	**911,214,913.49**

Notes on pages 56 to 73 form an integral part of these Financial Statements.

Kalubowitiyana Tea Factory Limited
Statement of Cash Flows

Table – 24

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Cash From Operating Activities			
Net Profit/(Loss) Before Taxation		(7,170,873)	69,391,212
Adjustments For:			
Payable written back		-	-
Depreciation		55,458,574	52,419,731
Provision for Retirement Benefit Costs		5,194,089	5,007,227
Disposal written Off		264,581	-
Interest Income		(25,740,079)	(32,494,112)
Depreciation of Biological Assets		468,063	213,238
Bad and Doubtful Debts		-	
Interest expenses		-	
Grant Amortization		(1,323,050)	(1,323,050)
Prior year adjustment		(1,881,531)	(1,359,527)
Operating Profit/(Loss) Before Working Capital Changes		**25,269,775**	**91,854,720**
(Increase)/Decrease In Inventory		(24,398,279)	77,359,838
(Increase)/Decrease In Receivable From BCC Lanka Limited		-	20,000,000
(Increase)/Decrease In Trade & other receivables		(2,309,218)	(23,942,527)
Increase/(Decrease) In Trade & Other Payables		61,133,206	(13,898,441)
Cash Generated From/(Used In) Operations		**59,695,485**	**151,373,590**
Gratuity Paid		(5,903,399)	(3,135,759)
Tax Paid		(29,621,689)	(77,600,346)
SSCL Paid		(1,898,700)	
Interest paid		-	
Net Cash From/(Used In) Operating Activities		**22,271,697**	**70,637,484**
Cash Flows From/(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment		(22,979,683)	(28,166,158)
Investment in capital work in progress		(2,293,363)	(2,717,895)
Acquisition of Biological assets		(3,514,112)	(2,615,536)
Disposel of Biological assets		-	-
Interest Received		36,414,279	36,338,358
Net Changes In Financial Assets		(24,092,738)	(216,180,784)
Net Cash From/(Used In) Investing Activities		**(16,465,617)**	**(213,342,014)**
Net Cash From/(Used In) Finance Activities			
Repayment of loans & borrowings			
Dividend paid to Treasury		-	(30,000,000)
Net Cash Flows From/(Used In) Finance Activities		**-**	**(30,000,000)**
Net Increase/(Decrease) In Cash & Cash Equivalents		5,806,080	(172,704,530)
Cash & Cash Equivalents At The Beginning of The Year		(5,539,275)	167,165,254
Cash & Cash Equivalents at The End of The Year	16	**266,805**	**(5,539,275)**

Notes to the Financial Statements – Accounting Policies

For the year ended 31st March 2025

01. Reporting Entity

1.1 Corporate Information

Kalubowitiyana Tea Factory Limited is a Limited Liability Company incorporated on 30th September 1992 under the Companies Act No. 17 of 1982 and then re - registered under the new Companies Act No.7 of 2007, on 16th June 2009 and domiciled in Sri Lanka.

The registered office of the Company is located at No. 53, Rathnayaka Mawatha, Pelawatta, Battaramulla.

1.2 Principal Activities & the Nature of Operations

The principle activities of the Company are cultivation, manufacturing and sale of tea from tea leaf purchased from growers and from own estates.

1.3 Directors

The Directors present herewith the audited financial statements for the year ended 31st March 2025. The Directors are responsible for preparing and presenting these financial statements.

The Directors of the Company as at 31st March 2025 were,

Mr. S. S. Samarasinghe – (Chairman)

Mrs. R. A. S. K. Ranasinghe

Mrs. D. M. M. Dissanayake

Mr . L. K. Kodippili

Mr. K. K. S. Malwaththa

Mr. A. A. Wilson

Mr. P. D. S. A. Gunasekara

Mr. W. G. R. D. Wimalarathne

1.4 Company Secretaries

P R Secretarial Services (Pvt) Ltd
59, Gregory's Road,
Colombo 07.

1.5 Registered Office

No. 53,
Rathnayaka Mawatha,
Pelawatta,
Battaramulla.

1.6 Auditors

Auditor General.
National Audit Office
No, 306/72,
Polduwa Road,
Battaramulla.

1.7 Date of Authorization for Issuing Financial Statements.

The financial statements of Kalubowitiyana Tea Factory Ltd, for the year ended 31st March 2025 were authorized for issue by the directors on 26th August 2025.

02. General Policies

2.1 Basis of Preparation

The financial statements of Kalubowitiyana Tea Factory Ltd comprise the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, accounting policies and notes to the financial statements. These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (LKAS and SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2 Basis of Measurement

The financial statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity.

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in notes to the financial statements.

2.3 Taxation

(a) Current Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and subsequent amendments thereto.

(b) Deferred Tax

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purpose and amounts used for tax purpose. Deferred tax is measured at the tax rate that is expected to apply to temporary differences when they are reversed, based on the laws that have been enacted by the reporting date.

Deferred tax assets are recognized to the extent that is probable that future taxable profits will be available against which such timing difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.4 Valuation of Assets & Their Bases of Measurement

2.4.1 Property, Plant & Equipment

Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any accumulated impairment in value. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of comprehensive income, in which case the increase is recognized in the statement of comprehensive income. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense.

Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

(a) Depreciation

Provision for depreciation is calculated by using the straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic lives of such assets. The estimated useful lives of assets are as follows;

Asset Category	Years
Buildings	20
Water & Electricity	20
Motor Vehicles	4
Plant & Machinery	8
Equipment	8
Furniture & Fittings	8
Computer Equipment	8
Roads	10
Others	8
Biological Assets (Tea)	30

Freehold land is not depreciated as it is deemed to have an indefinite life.

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

(b) Restoration Cost

Expenditure incurred in repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognized as an expense when incurred.

2.4.2 Biological Assets

The entity recognizes the biological assets, on cost basis. Biological asset of the company comprise of the tea bushes in Kalubowitiyana & Derangala Factories. The Company recognizes Plants up to 3 years as immature and Tea bushes more than 3 years as matured.

2.4.3 Financial Assets (Non-derivative)

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

For the purpose of classification of financial assets the assessment of the company's financial asset was made as of the date of initial application, 1 April 2020, and then applied retrospectively to those financial assets that were not derecognized before 1 April 2020. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of SLFRS 9 did not have a material impact on the company's results and financial position, therefore the company has not restated comparative information for prior periods.

The Company has the following financial assets (non-derivative):

- Loans and receivables
- Cash and cash equivalents

(a) Loans & Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair

Notes to the Financial Statements – Accounting Policies

For the year ended 31st March 2025

value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

(c) Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a Component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash in hand and deposits at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the indirect method.

2.4.4 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at collective level. All receivables with similar risk characteristics are grouped together and collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss.

2.4.5 Inventories

Inventories comprise processed, unprocessed and semi-processed agricultural produce, and other consumables.

Processed, Unprocessed and semi-processed agricultural produce at the end of the financial period is considered as fully processed agricultural produce and is measured at net realizable value.

Other consumables are measured at lower of cost or net realizable value. When the inventories are sold, the Company recognizes the carrying amount of those inventories as an expense in the period in which the related revenue is recognized.

2.5 Liabilities & Provisions

Liabilities are recognized in the statement of financial position when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the financial position date are treated as current liabilities in the statement of financial position. Liabilities payable after one year from the financial position date are treated as non- current liabilities in the statement of financial position.

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.5.1 Retirement Benefit Obligations

(a) Defined Benefit Plan – Gratuity

A full provision has been made on account of retiring gratuity from the first year of employment in conformity with the Sri Lanka Accounting Standard No.19- 'Retirement Benefits' according to the actuarial valuation.

The key assumptions used in determining the retirement benefit obligations include the followings:

Disability: 10% of the Mortality Table

Staff Turnover Rates: 13.00% across the board up to age 54 and thereafter zero

Normal Retirement Age: 60 years (The employee who are aged over the specified retirement age have been assumed to retire on their respective next birthday)

Rate of Discount: 10.50% p.a.

Salary Escalation Rates: Basic Salary: Staff: 8.50% p.a.; Increments are due every year in the Month specified in the data.

Basic Salary: Daily paid workers: 8.50% p.a.; with next increment due in April every year.

Allowances: N/A

Retiring Gratuity Formula: Staff: Half month's Salary plus Allowances for each completed year of service for those with at least 5 years' service.

Daily paid workers: 14 days wages for each completed year of service for those with at least 5 years' service.

(b) Defined Contribution Plan - Employees' Provident Fund& Employees' Trust Fund

Employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

2.6 Statement of Comprehensive Income

2.6.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of sales discounts and sales taxes.

(a) Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer with the Company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Gains & Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognized if the best estimate indicates a loss.

(c) Interest Income

Interest income is recognized on accrual basis using effective interest method (EIR).

(d) Other Income

Other income is recognized on an accrual basis.

2.6.2 Expenditure Recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the statement of comprehensive income. For the purpose of presentation of the statement of comprehensive income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

2.7 Basic Earnings/ (Loss) Per Share

The Company presents Basic Earnings/ (Loss) Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.8 Comparatives Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the financial statements of the current period and to improve the inter- period comparability. When the presentation or classifications of items in the financial statements have been amended, comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

2.9 Events Occurring after the Reporting Date

All material post events of statement of financial position have been considered, and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

Notes to the Financial Statements

For the year ended 31st March 2025

3. Revenue

Table – 26

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Revenue	27.1		
Gross Sales		1,650,670,636.40	1,772,002,358
Less: Brokerage & Sales Expenses		(21,038,471.49)	(23,153,797)
		1,629,632,164.91	**1,748,848,561**
Add: Local Sales		48,569,693.48	53,316,457
Total		**1,678,201,858.39**	**1,802,165,017**

4. Cost of Sales

Table – 27

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Cost of sales	27.2		
Green Leaf Purchases		1,313,511,923.13	1,290,637,114
Production Cost		257,695,428.18	283,854,699
Production Overheads		121,587,027.58	119,138,193
Cost of Manufacturing		**1,692,794,378.89**	**1,693,630,006**
Movement In Finished Goods			
Balance as at The Beginning of The Year		198,044,648.02	252,075,730
Balance as at The End of The Year		(224,223,191.87)	(198,044,648)
Cost of Sales		**1,666,615,835.04**	**1,747,661,088**

5. Other Income

Table – 28

For the year ended 31st March	2025 Rs.	2024 Rs.
Refuse Tea Sales Income	15,179,294.51	13,744,593
Welfare Shops Profit/Loss	6,034,658.26	27,433,545
Tea Fields/Nurseries Profit/Loss	1,256,634.03	2,263,137
Other Sundry Incomes	6,229,485.30	5,085,626
Amortization of Grant	1,323,050.00	1,323,050
Written Back	2,596,031.76	-
Total	**32,619,154.02**	**49,849,950**

A reversal of the provision for doubtful debts totaling Rs.1,846,031.76 was recognized and write-back of Rs.750,000 pertaining to a payable to BCC Lanka, which had been previously accounted for and was reversed following Board approval.

6. Administration Expenses

Table – 29

For the year ended 31st March	Note	2025 Rs.	2024 Rs.
Staff Cost	6.1	40,199,814.97	25,428,153
Traveling, Subsistence & Vehicle Hire	6.2	5,859,725.47	5,200,006
Maintenance Expenses – Equipment & Vehicles	6.3	7,912,921.85	8,375,290
Professional Fees	6.4	1,236,554.92	2,905,099
Insurance & License Fees	6.5	2,982,438.72	2,688,761
Printing Stationery & Postage	6.6	1,429,800.87	2,312,748
Other Administration Expenses	6.7	16,699,523.50	16,515,383
Total		**76,320,780.30**	**63,425,441**

Notes to the Financial Statements

For the year ended 31st March 2025

6.1 Staff Cost

Table – 30

For the year ended 31st March	2025 Rs.	2024 Rs.
Staff Salaries	12,552,647.43	10,695,494
Gratuity	787,813.00	1,015,969
Allowances	7,961,333.45	6,181,575
Overtime & Holiday Payments	726,133.48	1,305,851
Employee's Provident Fund Contributions	1,889,211.06	2,324,695
Employee's Trust Fund Contributions	472,302.79	503,486
Bonus	606,596.06	1,677,800
Board Member Fees	484,500.00	737,500
Staff Welfare	910,290.20	883,784
Other Staff Cost	13,808,987.50	102,000
Total	**40,199,814.97**	**25,428,153**

6.2 Traveling, Subsistence and Vehicle Hire

Table – 31

For the year ended 31st March	2025 Rs.	2024 Rs.
Traveling & Subsistence	2,169,492.14	1,585,039
Hire Charges	3,690,233.33	3,614,967
Total	**5,859,725.47**	**5,200,006**

6.3 Maintenance of Office Building, Equipment and Vehicles

Table – 32

For the year ended 31st March	2025 Rs.	2024 Rs.
Office Building Maintenance	386,545.00	409,481
Office Equipment Maintenance	1,892,894.63	1,997,939
Motor Vehicles Maintenance	1,613,841.47	2,571,901
Vehicle Fuel Cost	4,019,640.75	3,395,969
Total	**7,912,921.85**	**8,375,290**

6.4 Professional Fees

Table – 33

For the year ended 31st March	2025 Rs.	2024 Rs.
Audit Fee	618,000.00	700,000
Other Professional Fees	432,968.92	1,727,329
Secretarial Fees	185,586.00	477,770
Total	**1,236,554.92**	**2,905,099**

6.5 Insurance and Licence Fees

Table – 34

For the year ended 31st March	2025 Rs.	2024 Rs.
Insurance & License Fees	107,646.79	161,907
Staff Insurance	2,874,791.93	2,526,854
Total	**2,982,438.72**	**2,688,761**

Notes to the Financial Statements

For the year ended 31st March 2025

6.6 Printing, Stationery & Postage

Table – 35

For the year ended 31st March	2025 Rs.	2024 Rs.
Printing	320,245.66	428,890
Postage	62,351.55	113,443
Stationery	1,047,203.66	1,770,415
Total	**1,429,800.87**	**2,312,748**

The company has received unfavorable decisions in LT cases concerning three employees. The total amount of the unfavorable decisions, accounted for within 'Other Staff Costs', is Rs. 13,808,987.50.

6.7 Other Administration Expenses

Table – 36

For the year ended 31st March	2025 Rs.	2024 Rs.
Legal Fees	447,000.00	1,148,790
Depreciation	5,326,729.05	4,200,716
Telephone	2,112,844.87	1,381,680
Newspapers & Periodicals	59,580.00	31,450
Rent	2,705,800.00	1,961,500
Electricity	1,992,383.26	2,613,521
News Paper Advertisements	962,767.82	1,211,466
Other Utilities & Services	1,473,958.79	1,857,166
Supplies & Requisitions – Others	734,222.33	957,236
Staff Training	138,470.00	548,942
Stamp Duty	14,350.00	16,150
MIS fee	225,000.00	300,000
Bank Charges	241,836.18	286,767
Write off (Please see the foot note)	264,581.20	-
Total	**16,699,523.50**	**16,515,383**

During the financial year wrote off tea bushes of Kalubowitiyana Factory with a written down value of Rs. 264,581.20 due to a replanting initiative. This amount has been recognized as an expense , reflecting the retirement of these assets.

7. Selling & Distribution Expenses

Table – 37

For the year ended 31st March	2025 Rs.	2024 Rs.
Trade Fair & Exhibition	70,000.00	2,696,480
Meeting Expenses	658,057.22	951,519
Registration Fees	36,400.00	58,340
Promotional Expenses	30,891.92	325,000
Total	**795,349.14**	**4,031,339**

8. Net Finance Income

8.1 Finance Income

Table – 38

For the year ended 31st March	2025 Rs.	2024 Rs.
Fixed Deposit Interest	13,771,837.36	21,205,821
Treasury Bill Interest	20,515.28	28,842
Staff Loan Interest	390,075.31	314,194
Savings Account Interest	11,557,650.96	10,945,256
Total	**25,740,078.91**	**32,494,112**

Notes to the Financial Statements

For the year ended 31st March 2025

8.2 Finance Expenses

Table – 39

For the year ended 31st March	2025 Rs.	2024 Rs.
Overdraft Interest	-	-
Bank Loan Interest	-	-
Short Term Loan Interest	-	-
Total	**-**	**-**
Net Finance Income	**25,740,078.91**	**32,494,112**

9. Taxation

The Company in terms of section 48 (A) of the Inland Revenue Act No 10 of 2006 as amended by the amendment Act No. 22 of 2011, profits & Income from agricultural undertaking referred to in section 16 of the Inland Revenue Act is liable at the rate of 30% as per the first schedule to this Act .Other profits are liable at normal rates.

9.1 Current Tax Expenses

Table – 40

For the year ended 31st March	2025 Rs.	2024 Rs.
Current Year	-	-
Under/(Over) provisions of Income tax in previous year	-	-
	-	**-**

9.2 Reconciliation between Accounting profit to Income Tax

Table – 41

For the year ended 31st March	2025 Rs.	2024 Rs.
Accounting Profit/(loss) before Taxation	(7,170,873.16)	69,391,212
Income from other sources & exempt Income	(59,633,803.35)	(21,234,662)
Aggregate Disallowble Items	63,037,727.42	31,360,059
Adjusted Profit/(Loss) from the Business	**(3,766,949.09)**	**79,516,609**
Assessable Investment Income	36,414,278.99	44,098,561
Total Statutory Income	**32,647,329.90**	**123,615,170**
Qualifying payments		
Taxable Income	32,647,329.90	123,615,170
Tax on Taxable Income 30%	9,794,198.97	33,319,157
Deemed Dividend Tax	-	-
Deferred Tax Expenses		
Deferred Tax Charged/(Reversal)	**(8,657,751.65)**	**(19,502,452)**
Total Tax Expense	**1,136,447.32**	**13,816,705**

Notes to the Financial Statements

For the year ended 31st March 2025

10. Earnings Per Share/Dividend Per Share

10.1 Earnings Per Share

The basic earnings per share is based on profits attributable to the ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year calculated as follows:

Table – 42

For the year ended 31st March	2025 Rs.	2024 Rs.
Net Profit For The Year	(8,307,320.48)	55,574,507
Weighted Average Number Of Shares	4,637,507.00	4,637,507
Basic Earnings Per Share	(1.79)	11.98

10.2 Dividend Per Share

Table – 43

For the year ended 31st March	2025 Rs.	2024 Rs.
Dividend For The Year		30,000,000
Number of Shares	4,637,507.00	4,637,507
Dividend Per Share	-	6

11. Property, Plant & Equipment

	Free Hold Land Rs.	Buildings Rs.	Plant & Machinery Rs.	Factory Equipment Rs.
Cost				
Cost As At 01st April 2024	**58,000,000.00**	**270,423,160.00**	**172,791,749.40**	**8,857,113.89**
Additions	-	2,213,489.30	1,683,126.88	-
Surplus on revaluation				
Disposals	-	-	-	-
Transfer	-	-		-
Cost As At 31st March 2025	**58,000,000.00**	**272,636,649.30**	**174,474,876.28**	**8,857,113.89**
Accumulated Depreciation				
Accumulated Depreciation As At 01st April 2024	**-**	**35,437,228.83**	**42,557,357.94**	**3,718,797.60**
Current Year Depreciation		18,023,006.46	22,854,728.21	1,865,876.98
Disposals	-	-	-	-
Accumulated Depreciation As At 31st March 2025	-	53,460,235.29	65,412,086.15	5,584,674.59
Net Book Value As At 31st March 2025	**58,000,000.00**	**219,176,414.01**	**109,062,790.13**	**3,272,439.30**

The vehicle class of Property, Plant, and Equipment was revalued to its fair value as at 31st March 2025.

Notes to the Financial Statements

For the year ended 31st March 2025

Table – 44

	Computer Equipment Rs.	Office Equipment Rs.	Furniture & Fittings Rs.	Tools Rs.	Motor Vehicles Rs.	Other Rs.	Total Rs.
	9,024,867.81	**984,573.12**	**5,503,313.03**	**321,548.49**	**21,770,000.20**	**17,524,423.99**	**565,200,749.94**
	1,520,210.91	109,500.00	723,170.00	-	-	16,730,185.92	22,979,683.01
					34,977,499.95		34,977,499.95
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	10,545,078.72	**1,094,073.12**	**6,226,483.03**	**321,548.49**	**56,747,500.15**	**34,254,609.92**	**623,157,932.90**
	2,556,788.11	**403,921.62**	**2,015,166.58**	**154,586.75**	**10,885,000.10**	**4,323,049.86**	**102,051,897.38**
	1,624,831.28	249,598.70	1,158,853.99	78,324.62	5,442,500.05	4,160,853.97	55,458,574.27
	-	-	-	-	-	-	-
	4,181,619.39	653,520.32	3,174,020.57	232,911.37	16,327,500.15	8,483,903.83	157,510,471.65
	6,363,459.34	**440,552.80**	**3,052,462.46**	**88,637.12**	**40,420,000.00**	**25,770,706.09**	**465,647,461.25**

Notes to the Financial Statements

For the year ended 31st March 2025

12. Biological Assets

Table – 45

As at 31st March	2025 Rs.	2024 Rs.
At The Beginning of the Year (Note 12.1)	11,898,705.50	9,496,407
Additions During The Year	3,196,614.59	2,615,536
Current Year Depreciation	(468,063.24)	(213,238)
At the end of the Year	**14,680,173.1**	**11,898,706**

12.1 Biological Asset

Table – 46

	Immature Plantation	Mature Plantation	Total
Cost			
Cost As At 01st April 2024	**6,331,576.69**	**6,397,126.79**	**12,728,703.48**
Additions	1,265,224.39	7,644,770.29	8,909,994.68
Disposals	(5,395,882.65)	(317,497.44)	(5,713,380.09)
Transfer		-	-
Cost As At 31st March 2025	**2,200,918.43**	**13,724,399.64**	**15,925,318.07**
Accumulated Depreciation			
Accumulated Depreciation As At 01st April 2024		**829,997.98**	**829,997.98**
Current Year Depreciation		468,063.24	468,063.24
Disposals	-	-52,916.23	-52,916.23
Accumulated Depreciation As At 31st March 2025	**-**	**1,245,144.98**	**1,245,144.98**
Net Book Value As At 31st March 2025	**2,200,918.43**	**12,479,254.66**	**14,680,173.09**

13. Inventories

Table – 47

As at 31st March	2025 Rs.	2024 Rs.
Food & Beverages	10,687,095.96	12,031,372
Finished Goods	224,223,191.85	199,425,360
Consumables Stocks	3,108,334.47	673,532
General & Other	38,674,796.53	40,164,877
Total	**276,693,418.81**	**252,295,140**

14. Trade & Other Receivables

Table – 48

As at 31st March	2025 Rs.	2024 Rs.
Trade Debtors	51,766,129.49	44,584,438
Staff Debtors	8,885,470.59	10,832,429
Deposits	2,776,500.00	2,726,500
Pre payments & Other Receivables	29,200,326.50	46,611,085
Non Moving Balances	27,258.70	1,474,109
Other Debit Balances	3,361,861.04	-
	96,017,546.32	**106,228,562**
Less: Provision For Bad Debts	-	(1,846,032)
Total	**96,017,546.32**	**104,382,530**

Notes to the Financial Statements

For the year ended 31st March 2025

15. Short Term Investment

Table – 49

As at 31st March	2025 Rs.	2024 Rs.
Treasury Bills	269,187.00	269,187
Fixed Deposits – People's Bank	124,360,820.60	124,360,821
Fixed Deposits (Gratuity Investment) – People's Bank	7,364,122.91	7,364,123
Short Term Investments – Money Market	213,336,812.05	189,664,757
Short Term Investments – ISA	1,545,682.86	1,125,000
Total	**346,876,625.42**	**322,783,887**

16. Cash & Cash Equivalents

Table – 50

As at 31st March		2025 Rs.	2024 Rs.
People's Bank	Account No. 204100140084911 – Headquarters	3,431,086.50	32,475
People's Bank	Account No. 060100110000681 – Morawaka	70,000.00	2,200
People's Bank	Account No. 060100100000592 – Morawaka	15,230.00	15,000
Bank of Ceylon	Account No. 0006065711 – Neluwa	15,591.55	15,592
Bank of Ceylon	Account No. 75958665 – Pelawatta	26,000.00	24,000
Bank of Ceylon	Account No. 205604 – Thawalama	14,050.00	15,000
People's Bank	Account No. 256100110021039 – Pilimathalawa	-	-
People's Bank	Account No. 208100100084885 – Battaramulla	(3,546,350.51)	(6,900,432)
Cash In Transit		241,197.88	1,256,889
Total		**266,805.42**	**(5,539,276)**

17. Stated Capital

Table – 51

As at 31st March	2025 Rs.	2024 Rs.
Issued & Fully Paid		
4,637,507 Numbers Ordinary Shares	46,375,070.00	46,375,070
Total	**46,375,070.00**	**46,375,070**

18. Reserves

Table – 52

As at 31st March	2025 Rs.	2024 Rs.
Grant – General Treasury	14,235,750.00	-
Capital Reserves	600,000.00	600,000
Profit & Loss Account	850,004,093.1	838,823,507
Total	**864,839,843.13**	**839,423,507**

Notes to the Financial Statements

For the year ended 31st March 2025

19. Retirement Benefit Obligation

Table – 53

As at 31st March	2025 Rs.	2024 Rs.
Movement In The Present Value of Defined Benefit Obligation		
At The Beginning of The Year	26,036,956.17	24,165,506
Current Service cost	2,864,065.11	2,084,788
Interest Cost	2,330,023.77	4,349,791
Actuarial Gain/Loss	1,737,304.26	(1,427,352)
Prior Year Adjustments		
Payments During the Year – In Cash	(5,903,399.04)	(3,135,759)
– Payable		
At the End of the Year	**27,064,950.27**	**26,036,956**

20. Creditors & Accrued Charges

Table – 54

As at 31st March	2025 Rs.	2024 Rs.
Bought Leaf Suppliers	68,648,609.04	48,738,298
Trade Creditors	45,399,576.42	15,495,748
Service Contractors	4,062,657.63	2,721,070
Staff Creditors	19,803,268.06	3,572,450
Accrued Expenses	22,406,667.46	26,133,377
Unclaimed Balances	187,556.97	184,290
Other Credit Balances	1,176,193.80	3,706,091
Total	**161,684,529.38**	**100,551,323**

21. Deferred Tax Liability/(Asset)

Table – 55

As at 31st March	2025 Rs.	2024 Rs.
At the Beginning of the Year	97,825,882.81	106,580,129
Transferred To/(from) Income Statement	9,972,058.99	-
Transferred To/(from) P&L	(8,657,751.65)	(8,754,246)
At the end of the Year	**99,140,190.14**	**97,825,883**

22. Income Tax Payable/Receivable

Table – 56

As at 31st March	2025 Rs.	2024 Rs.
Balance As At The Beginning of The Year	28,192,600.36	74,339,010
Provision For The Year	9,794,198.97	33,319,157
	37,986,799.33	**107,658,167**
Payments For The Previous Year		(74,327,048)
Payments For The Year	(27,821,504.00)	(3,273,298)
Gross		
	10,165,295.33	**30,057,821**
Tax Credits		
With Holding Tax	(1,800,184.71)	(1,865,221)
Net Payable/(Receivable)	**8,365,110.38**	**28,192,600**

Notes to the Financial Statements

For the year ended 31st March 2025

23. Capital Commitments

There is no Capital expenditure commitment at the balance sheet date.

24. Contingencies

Pending Legal Cases

(i) A labour case has been filed (Case No. LT/KP/34/18/07) by Mr. G. Hemachandra at Kotapola Labour Tribunal against the Company pleading the courts to reinstate him at his duties stating his dismissal from the service is unfair.

(ii) The Company has filed a apeal case at High Court Matara (HC/72/23/APPL) against the decision of Mr. H. C. L. P. Heendeniya's Case No. LT/KP/34/06/2018 Decision given the Kotapola Labour Tribunal

(iii) A case has been filled (Case No. 5186/M) by Mr. H. P. S. Jeewaka Perera at District Court, Kaduwela against the Company for not paying the balance payment for the constrcution carried out at Manikdewela Tea Factory.

(iv) A case has been filled (Case No. 5187/M) by Mr. Tamaring Tree (Pvt) Ltd at District Court, Kaduwela against the Company for not paying the balance payment for the constrcution carried out at Manikdewela Tea Factory.

(v) A labour case (Case No. 02/1205/2023) has been filed by Mr. T. W. M. S. P. Bandara at the Borella Labour Tribunal against the Company, alleging unfair termination of service. A decision has been received which is unfavorable to the Company. The Company plans to appeal this decision

(vi) A labour case has been filed (Case No. LT/01/64/2022) by Mr. B. G. Nishantha (Hiniduma Hills Tea Factory) at Galle Labour Tribunal against the Company pleading the courts his dismissal of service is unfair.

(vii) A labour case has been filed (Case No. LT/06/03/2023) by Mrs. W. Gamini (Hiniduma Hills Tea Factory) at Galle Labour Tribunal against the Company pleading the courts her termination of service is unfair.

(viii) A labour case has been filed (Case No. LT/KP/34/05/2022) by Mrs. Karawitage Vishad Kumara (Derangala Tea Factory) at Kotapola Labour Tribunal against the Company pleading the courts his dismissal of service is unfair.

25. Events After The Reporting Date

Unfavorable LT case decision received on April 3rd, 2025, requiring a payment of 12.2m

Going Concern

Explanation Transition to SLFRS/LKAS

26. Related Party Disclosures

Transactions with the related parties in the ordinary course of business carried out on an arm's length basis.

26.1 Transactions With Key Management Personnel (KMP)

KMPs are persons who have authority and responsibility directly or indirectly for planning, directing and controlling the activities of the Company.

The KMP of the Company comprise of the Board of Directors of the Company.

26.1.1. The compensation of KMPs are disclosed in the note 6 to the accounts

26.1.2. No loans were given to KMPs during the Year.

26.1.3. The shareholdings of the KMPs together with their close family members

None

26.1.4. The names of the Directors of the Company, who are also directors of other companies:

None

26.2 Transactions with Close Family Members

Close family members are those who may be expected to influence or be influenced in their dealings with the Company.

There were no transactions with close family members during the year.

26.3 Dealing with Subsidiaries, Associates & Joint Ventures

None

Notes to the Financial Statements

For the year ended 31st March 2025

27. Factory Segments

27.1 Sales

Table – 57

As at 31st March	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Gross Sales	1,212,061,970.00	232,593,636.40	124,233,100.00	81,781,930.00		1,650,670,636.40
Less: Brokerage & Sales Expenses	(12,745,517.34)	(5,114,073.15)	(1,761,473.58)	(1,417,407.42)	-	(21,038,471.49)
	1,199,316,452.66	**227,479,563.25**	**122,471,626.42**	**80,364,522.58**	**-**	**1,629,632,164.91**
Add/Less - Inter Factory Transaction						-
Add: Local Sales	22,990,365.00	6,378,670.88	126,323.00	1,176,114.74	17,898,219.86	48,569,693.48
Total	**1,222,306,817.66**	**233,858,234.13**	**122,597,949.42**	**81,540,637.32**	**17,898,219.86**	**1,678,201,858.39**

27.2 Cost of Sales

Table – 58

As at 31st March	Kalubowitiyana Factory Rs.	Derangala Factory Rs.	Hiniduma Hills Factory Rs.	Manikdiwela Factory Rs.	Sales Centre Rs.	Total Rs.
Bought Leaf	928,127,253.34	177,310,443.28	127,700,859.62	80,373,366.89		1,313,511,923.13
Manufacturing Cost						
Production Cost	137,891,988.68	42,800,919.06	39,589,910.58	25,955,419.51	11,457,190.35	257,695,428.18
General Charges	53,906,060.59	29,491,195.33	20,346,147.55	14,437,563.36	3,406,060.75	121,587,027.58
	1,119,925,302.61	**249,602,557.67**	**187,636,917.75**	**120,766,349.76**	**14,863,251.10**	**1,692,794,378.89**
Add: Opening Stock	81,191,587.95	70,408,656.36	23,086,556.02	21,794,359.51	1,563,488.18	198,044,648.02
Less: Closing Stock	(134,424,750.32)	(1,300,753.69)	(60,565,851.56)	(26,418,408.28)	(1,513,428.02)	(224,223,191.87)
Total	**1,066,692,140.24**	**318,710,460.34**	**150,157,622.21**	**116,142,300.99**	**14,913,311.26**	**1,666,615,835.04**
Profit/(Loss)	155,614,677.42	(84,852,226.21)	(27,559,672.79)	(34,601,663.67)	2,984,908.60	11,586,023.35

Detailed Schedules to the Financial Statements

As at 31st March 2025

1. Trade & Other Receivables

1.1 Trade Debtors

Table – 59

As at 31st March	2025 Rs.	2024 Rs.
Bought Leaf Supplier Debts	584,486.98	1,158,856
Bought Leaf Transport Debts	151,424.25	456,539
Fertilizer Debtors	6,847,478.06	50,875
Trade Debtors	44,182,740.20	42,918,168
Sub Total	**51,766,129.49**	**44,584,438**

1 .2 Staff Debtors

Table – 60

As at 31st March	2025 Rs.	2024 Rs.
Checkroll Debts	21,435.22	3,189
Distress Loans	8,460,814.67	10,568,071
Festival Advances	153,000.00	7,000
Staff Debtors	250,220.70	251,769
Payee tax Receivable	-	2,400
Sub Total	**8,885,470.59**	**10,832,429**

1.3 Deposits

Table – 61

As at 31st March	2025 Rs.	2024 Rs.
Deposits Receivable	2,776,500.00	2,726,500
Sub Total	**2,776,500.00**	**2,726,500**

1.4 Prepayments & Other Receivables

Table – 62

As at 31st March	2025 Rs.	2024 Rs.
Accounts Receivable	-	22,488,718
FD Interest Receivable	2,701,001.20	13,375,203
Local Sale Receivable	2,348.00	45,561
Tea Packet Production	94,823.85	-
Tea Sales Centre	4,645.00	208,073
Other Advances	338,600.00	-
Pre payments	1,751,460.71	5,938,490
Stamps	3,860.50	4,746
Sundry Debtors	22,541,195.64	3,889,961
Land Reform Commission	-	3,659,250
Refuse Tea Supplires	1,762,391.60	660,334
Sub Total	**29,200,326.50**	**46,611,085**

1.5 Non Moving Balances

Table – 63

As at 31st March	2025 Rs.	2024 Rs.
T. G. Hemachandra	27,258.70	27,259
CIC Fertilizer	-	1,446,850
Sub Total	**27,258.70**	**1,474,109**

Detailed Schedules to the Financial Statements

As at 31st March 2025

1.6 Other Debit Balances

Table – 64

As at 31st March	2025 Rs.	2024 Rs.
VAT Control	3,229,572.39	-
Land Reform Commission	131,157.30	
B/F Coins	1,131.35	
Sub Total	**3,361,861.04**	**-**
Grand Total	**96,017,546.32**	**106,228,562**
Provision For Bad & Doubtful Debts	-	(1,846,032)
Net Total	**96,017,546.32**	**104,382,530**

2. Creditors & Accrued Charges

2.1 Bought Leaf Creditors

Table – 65

As at 31st March	2025 Rs.	2024 Rs.
Bought Leaf Suppliers	68,648,609.04	48,738,298
Sub Total	**68,648,609.04**	**48,738,298**

2.2 Trade Creditors

Table – 66

As at 31st March	2025 Rs.	2024 Rs.
Bank Loan	1,401,410.00	1,000
Helix Engineering	40,871.68	40,872
Jayasinghe & Company	125,000.00	(34,000)
Leaf Bags Spreading Contractor	-	86,346
Rent Payable To BCC Lanka	-	750,000
Unpaid B'Leaf Suppleirs	-	56,353
Retention Payable	70,000.04	70,000
Sundry Creditors	2,167,304.91	1,540,538
Other Supplires	40,228,809.69	12,145,864
Trade Creditors	1,366,180.10	838,776
Sub Total	**45,399,576.42**	**15,495,748**

2.3 Service Contractor Payments

Table – 67

As at 31st March	2025 Rs.	2024 Rs.
Green Leaf Transport	4,062,657.63	2,721,070
Sub Total	**4,062,657.63**	**2,721,070**

2.4 Staff Creditors

Table – 68

As at 31st March	2025 Rs.	2024 Rs.
Check Roll/Casual Work	4,076,003.94	2,059,180
Holiday Wages	694,900.12	-
Salary Payable	1,487,324.16	776,680
Staff Overtime/Travelling	1,154,973.17	736,590
Other Staff Cost Payable	12,221,400.00	-
Incentive Bonus	168,666.67	-
Sub Total	**19,803,268.06**	**3,572,450**

Detailed Schedules to the Financial Statements

As at 31st March 2025

2.5 Accrued Expenses

Table – 69

As at 31st March	2025 Rs.	2024 Rs.
Audit fee Payeble	1,854,000.00	1,400,000
B'Leaf Supplire Deposits Payable	3,841,028.52	3,399,136
ACEW Union	500.00	600
CESU	25,406.00	20,906
Co.Operative Yatinuwara	84,099.53	84,100
Deposit Payable	241,650.00	373,650
Employees' Provident Fund	3,019,741.39	2,664,215
Employees' Trust Fund	540,306.43	403,794
CPPS	42,207.89	30,072
Holiday Payments	-	583,492
Insurance	75,995.66	51,027
Laudgh Petrolium	19,651.46	76,230
Other Accrued Expenses	7,629,509.36	8,501,561
PAYE Surcharge	59,344.00	59,344
Return Cheque	3,396,063.46	3,282,498
Stamp Duty Payeble	98,177.74	48,383
Ranmeer Holding	61,566.39	61,566
Tea Shakthi Fund	-	2,200
Land Reform Commission	-	3,659,250
Divisional Secretariat Yatinuwara	960,000.00	960,000
Paye Tax Payable	62,143.63	79,132
WHT Payeble	30,000.00	35,400
Welfare Society	49,776.00	43,500
Randalu Welfare Society	293,900.00	297,920
Factory Welfare Society	21,600.00	15,400
Sub Total	**22,406,667.46**	**26,133,377**

2.6 Other Credits

Table – 70

As at 31st March	2025 Rs.	2024 Rs.
Balance Coins	-	(1,179)
Incentive Bonus	-	923,000
Gratuity Payable	1,176,193.80	1,224,903
VAT Control	-	1,559,367
Sub Total	**1,176,193.80**	**3,706,091**

2.7 Unclaimed Balances

Table – 71

As at 31st March	2025 Rs.	2024 Rs.
Checkroll Wages	148,555.06	125,557
Salaries & Wages	12,041.60	19,732
Staff Salaries	-	12,042
Bonus	26,960.31	26,960
Sub Total	**187,556.97**	**184,290**
Grand Total	**161,684,529.38**	**100,551,323**

Financial Highlights of Preceding Ten Years

	2024-25	2023-24	2022-23	2021-22
Net Sales	1,678,201,858.39	1,802,165,017.30	2,635,413,672.26	1,041,133,241.45
Cost of Sales	(1,666,615,835.04)	(1,747,661,088.10)	(2,285,165,803.52)	(1,026,129,751.47)
Gross Profit	**11,586,023.35**	**54,503,929.20**	**350,247,868.74**	**15,003,489.98**
Other Income	32,619,154.02	49,849,950.33	60,406,357.00	20,003,552.09
Profit Before Operating Expenses	**44,205,177.37**	**104,353,879.53**	**410,654,225.74**	**35,007,042.07**
Administration Expenses	(76,320,780.30)			
Selling & Distribution & Other Expenses	(795,349.14)	(67,456,779)	(73,607,143)	(37,159,299)
Profit From Operating Activities	**(32,910,952.07)**	**36,897,100**	**337,047,083**	**(2,152,257)**
Net Finance Income	25,740,078.91	32,494,112	9,940,431	(612,515)
Net Profit Before Taxation	**(7,170,873.16)**	**69,391,212**	**346,987,514**	**(2,764,772)**
Income Tax	(1,136,447.32)	(13,816,705)	(126,186,738)	(4,533,980)
Net Profit After Taxation	**(8,307,320.48)**	**55,574,507**	**220,800,776**	**(7,298,752)**

Table – 72

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
	1,175,716,247.36	937,789,275.06	971,792,179.69	1,004,319,623.10	935,591,884.34	775,730,199.81
	(1,158,860,303.57)	(845,680,912.52)	(985,257,848.93)	(983,007,160.69)	(881,617,227.76)	(767,358,579.26)
	16,855,943.79	**92,108,362.54**	**(13,465,669.24)**	**21,312,462.41**	**53,974,656.58**	**8,371,620.55**
	26,749,129.73	21,925,980.98	24,262,802.24	26,091,300.53	19,676,356.10	43,465,176.11
	43,605,073.52	**114,034,343.52**	**10,797,133.00**	**47,403,762.94**	**73,651,012.68**	**51,836,796.66**
	(44,560,549)	(51,113,072)	(45,165,514)	(41,116,894)	(33,262,579)	(31,413,580)
	(955,476)	**62,921,272**	**(34,368,381)**	**6,286,868**	**40,388,433**	**20,423,217**
	(14,189,484)	(19,653,695)	(18,579,650)	(13,219,530)	(9,164,034)	(8,428,981)
	(15,144,959)	**43,267,577**	**(52,948,031)**	**(6,932,661)**	**31,224,400**	**11,994,236**
	1,001,557	(5,535,371)	4,167,928	(654,698)	(1,723,391)	(2,178,708)
	(14,143,403)	**37,732,205**	**(48,780,102)**	**(7,587,359)**	**29,501,009**	**9,815,528**

Note

Corporate Information

Name of the Company
Kalubowitiyana Tea Factory Limited

Company Registration No.
PB 1020

Shifted Office
No. 53, Rathnayaka Road, Pelawatta

Legal Firm
A Public Company with Limited Liability
Incorporated in Sri Lanka on 30th September 1992.

Telephone No.
0112786734 / 0112786469 / 0112786713

Fax No.
0114645279

E-mail Address
Office.gen@kalubowitiyanatea.lk

Auditors
National Audit Office
No. 306/72,
Polduwa Road,
Battaramulla.

Secretaries
RNH Holdings (Pvt) Ltd.
RNH House, No. 622 B, Kotte Road, Kotte

Bankers
People’s Bank

Board of Directors
Mr. Shaminda Samarasinghe – Chairman

Mr. R. A. S. K. Ranasinghe

Mrs. D. M. M. Dissanayake

Mr. A. A. Wilson

Mr. K. K. S. Malwatta

Mr. L. K. Kodippili

Management
Mr. T. A. D. J. C. Thilakarathne – Head of operations, Manager, Kalubowitiyana CTC Tea Factory

Mr. P. Dehiwalage – Finance Manager (Acting)

Mr. Ganindu Palihena – Assistant Manager Admin

Ms. Sewwandi Walakuluge – Assistant Manager Marketing

Factories

Kalubowitiyana CTC Factory
Abeywila, Kalubowitiyana
Tel/Fax : 0913783020/0414935308
E-Mail : Ktf.gen@kalubowitiyanatea.lk

Hiniduma Hills Tea Factory
Jesmin Velly Junction, Thawalama
Tel/Fax : 041-7201222
E-Mail : Htf.gen@kalubowitiyanatea.lk

Derangala Tea Factory
Kiriwelkelle, Pitabeddara
Tel/Fax : 0414935309
E-Mail : Dtf.gen@kalubowitiyanatea.lk

Manikdewela Tea Factory
Thismada Road, Manikdewela
Tel/Fax : 081-2069620/21
E-Mail : Mtf.gen@kalubowitiyanatea.lk

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