

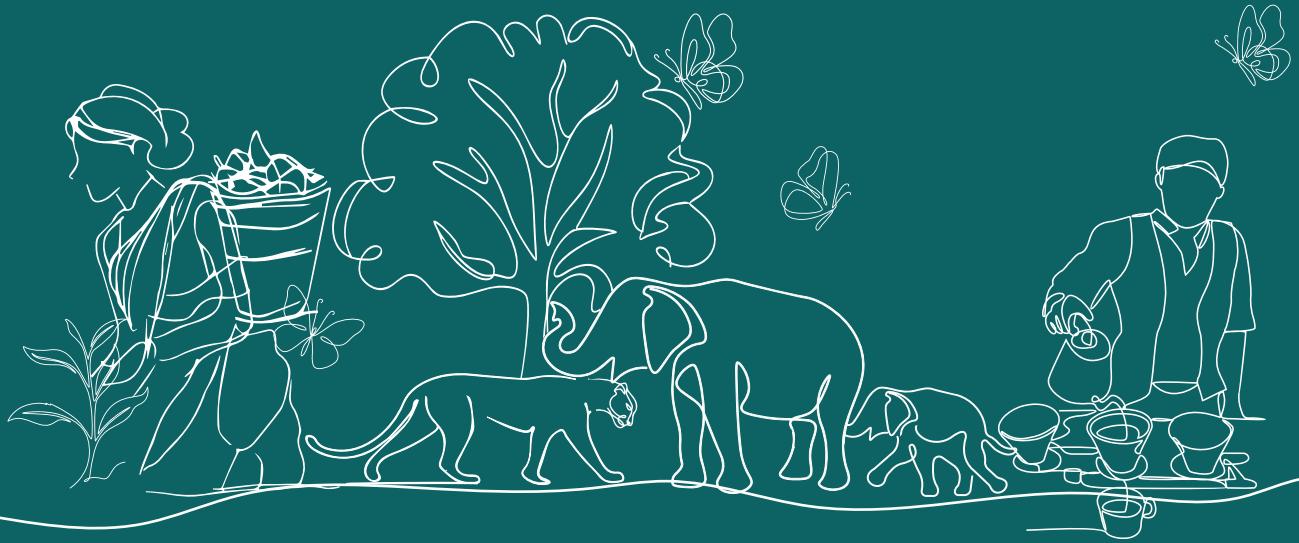
DILMAH CEYLON TEA COMPANY PLC

ANNUAL REPORT 2024/25

# Strength, Resilience & Future











# Strength, Resilience & Future

We believe in the transformative power of tea. Taste is important, as is the natural Goodness in every sip of our Teas, although equally the soils, livelihoods, biodiversity and future of our tea industry.

Dilmah was born of a Teamaker's devotion to tea and kindness, and our uniqueness today are the values that anchor our brand. Our Founder set out to make the world a better tea, and with faith, passion and commitment, his Dilmah prevailed against corrosive commoditisation in the industry.

**That same belief, and the Quality, Integrity and Purpose we honour without compromise are our Strength, Resilience and Future.**





# LEGACY CONTINUED...

Merrill J. Fernando  
**TEAMAKER, DISRUPTOR, SERVANT**

1930 - 2023

The young Sri Lankan who set out to make the world a better tea, became known as the world's Teamaker for the invincible faith and relentless commitment with which he pursued his vision of quality with integrity.

Merrill J. Fernando was born to a simple, rural Sri Lankan family and he overcame his modest circumstances by taking his beloved tea to the world with kindness to people and nature. He was the first tea grower to offer tea grown and ethically crafted at source, right where it is grown, to tea drinkers around the world.

He named his tea after his sons and travelled the world inviting people to, "do try it!". His success gave hope to artisans and producers around the world and as God blessed him with success, he fulfilled his promise of kindness.

At the time of his passing, his Dilmah Tea had touched the lives of millions through the education, entrepreneurship development, nutrition, care for people with disability, and other projects of his MJF Foundation, and the environmental impact of Dilmah Conservation.

**His legacy lives on, stewarded by his generations.**



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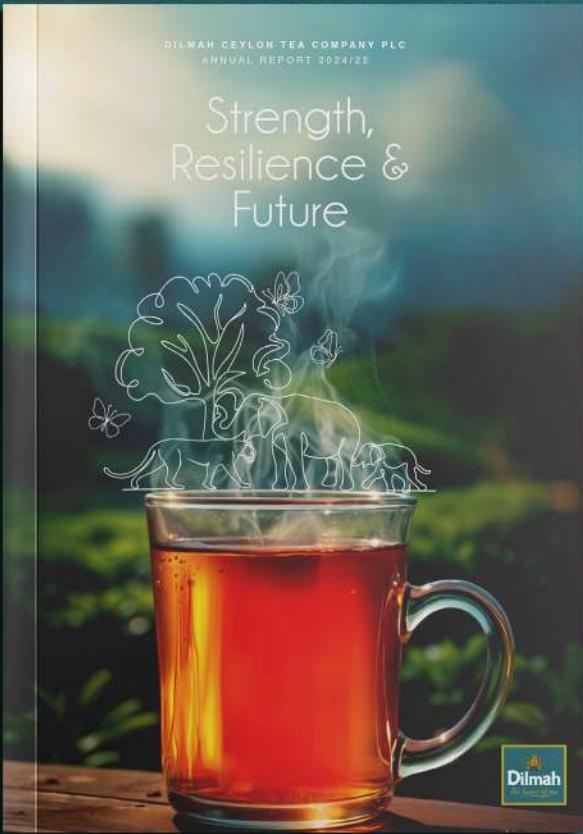
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# DILMAH CEYLON TEA COMPANY PLC

ANNUAL REPORT 2024/25



Welcome to the 7th integrated annual report published by Dilmah Ceylon Tea Company PLC (Dilmah). The report documents the initiatives taken by the Company to achieve its strategic purpose and the resultant financial and non-financial outcomes derived for and on behalf of stakeholders.



## REPORT PROFILE

The Integrated Annual Report for 2024/25 marks the 7th consecutive year of integrated reporting by Dilmah Ceylon Tea Company PLC (Dilmah), underscoring the Company's unwavering commitment to transparency, accountability, and high standards of corporate disclosure. This report serves as a reflection of how Dilmah continues to deliver on its founding purpose "to serve humanity through business" by creating sustainable, long-term value for all stakeholders.

The report aims to demonstrate Dilmah's commitment to responsible business practices, innovation-led growth, and sustainability, while ensuring continued alignment with stakeholder expectations

and global best practices. In this context, the report captures the interconnectedness between the Company's strategy, governance, performance, and environmental and social impact, in turn highlighting how Dilmah remains true to its values of Taste, Goodness, and Purpose, amidst an evolving global landscape.

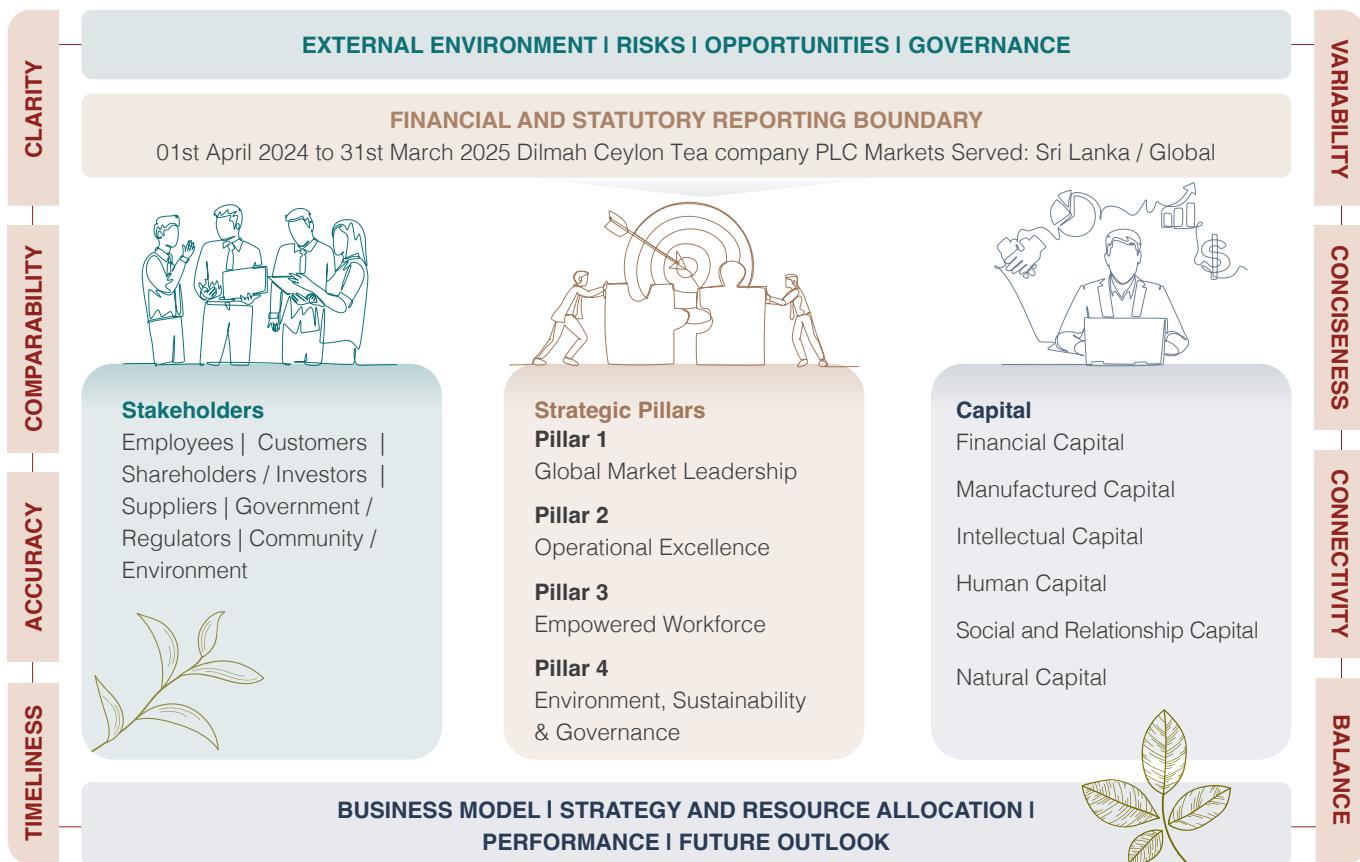


## SCOPE AND BOUNDARY (GRI 2-2, 2-3)

This report covers the period 1st April 2024 to 31st March 2025 and includes post balance sheet events and information up to the date of Board approval on 8th July 2025. The data in this report – both financial and non-financial – pertains to Dilmah Ceylon Tea Company PLC's business model, strategy, performance and prospects.

All previous reports, including the most recent report for 2023/24, are available for viewing and download on the corporate website - [www.dilmatea.com](http://www.dilmatea.com)

## REPORTING BOUNDARY FOR THE 2024/25 INTEGRATED REPORT



REPORTING FRAMEWORKS			
Financial Reporting	Governance and Risk Reporting	Integrated Reporting	Sustainability Reporting
<ul style="list-style-type: none"> <li>Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka</li> <li>Companies Act No. 07 of 2007</li> <li>Listing Rules of the Colombo Stock Exchange</li> </ul>	<ul style="list-style-type: none"> <li>The Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Colombo Stock Exchange</li> <li>Corporate Governance rules issued by the CSE for listed entities</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Reporting Framework &lt;IR&gt; by the International Integrated Reporting Council (IIRC)</li> </ul>	<ul style="list-style-type: none"> <li>Global Reporting Initiative (GRI) standards - "In Accordance", issued by the Global Sustainability Standards Board</li> <li>Sustainability Accounting Standard for the Non-Alcoholic Beverages sector standard of the Sustainability Accounting Standards Board (SASB)</li> <li>Task Force on Climate - Related Financial Disclosures (TCFD)</li> <li>United Nations Sustainable Development Goals (SDGs)</li> </ul>

Dilmah Ceylon Tea Company PLC has taken a proactive stance towards strengthening its sustainability reporting by committing to adopt SLFRS S1 and S2 standards from the financial year 2025/26 onwards.

# DILMAH CEYLON TEA COMPANY PLC



## DATA COLLECTION AND REPORT PREPARATION

The information presented in this Integrated Annual Report has been generated from a wide array of credible sources. Strategic insights were gathered through in-depth interviews with key members of Dilmah's leadership, including the Executive Chairman/CEO and members of the Corporate Management Team. These internal perspectives offer a comprehensive understanding of the Company's strategic direction, operational priorities, and value creation approach.

The entire reporting process was managed under the oversight of a dedicated internal reporting team, working in close collaboration with external experts to ensure accuracy, depth, and reliability of information and upholding the highest standards of rigour, transparency, and integrity in the preparation of Dilmah's Integrated Annual Report.



## MATERIALITY

The principle of Materiality serves as a key aspect guiding the selection and prioritisation of content of the Integrated Annual Report. This approach aims to ensure disclosures provide a focused and transparent narrative that captures what matters most to both the business and its stakeholders.

By highlighting the most significant issues that influence the Company's ability to create value over the short, medium, and long term, the materiality-driven reporting process enhances the clarity and relevance of disclosures, in turn reinforcing stakeholder trust, and confidence in Dilmah's long-term sustainability.

## GRI 2-5 COMBINED ASSURANCE

The integrity of the financial and non-financial information presented in the report has been validated using the combined assurance model. Internally, the Board Audit Committee has played a key role in evaluating the underlying reporting processes and has conducted a thorough review of the Integrated Report to confirm its alignment with the applicable reporting frameworks and standards.

In addition, independent assurance has been obtained for the financial statements for the year ending 31st March 2025 (see report on page 176).

For the first time, Dilmah has also obtained independent external assurance on GRI disclosures contained within the report as well as the reports' alignment to the <IR> framework of the International Integrated Reporting Council. (see report on page 228 and 230).

Both the Financial and Non-financial assurance has been obtained from Messrs Ernst & Young.

## GRI 2-4 FORWARD-LOOKING STATEMENTS

This Integrated Annual Report may contain forward-looking statements regarding the future operating results, growth trajectory, and strategic outlook of Dilmah. These statements are based on assumptions, expectations, and projections deemed reasonable at the time of publication. However, it should be noted that such forward-looking information is inherently subject to uncertainties and risks that may cause actual outcomes to differ materially. Factors such as macroeconomic shifts, regulatory developments, market volatility, supply chain disruptions, and the evolving competitive landscape may significantly impact future performance.

While Dilmah is committed to transparent and timely communication, the Company

## BOARD RESPONSIBILITY STATEMENT

The Board of Directors of Dilmah Ceylon Tea Company PLC assumes full and collective responsibility for the integrity of this Integrated Annual Report for the financial year 2024/25. In fulfilling this responsibility, the Board affirms that, to the best of its knowledge and belief, the Report has been prepared in accordance with the principles and guidelines of the International Integrated Reporting <IR> Framework.

The Board is confident that the Report presents a fair, balanced, and comprehensive account of the Company's business model, governance structure, strategic priorities, risk environment, performance, and future outlook.

The Annual Report of the Board of Directors on pages 161 to 167 includes an acknowledgement of the Directors' responsibilities with regard to the Annual Report.

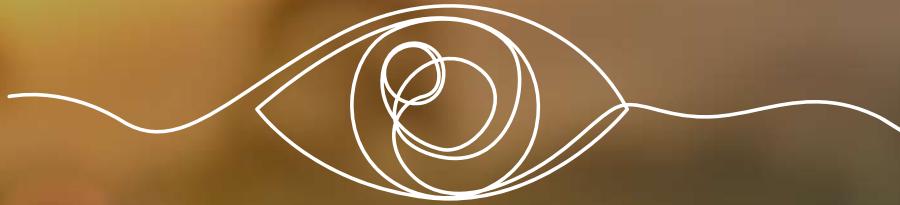
makes no guarantee that forward-looking statements will be realised as projected. As such, Dilmah refrains from undertaking any obligation to publicly update or revise these statements to reflect changes in circumstances or new information that may emerge after the publication of this report. The Company further confirms that no restatements have been made to the Annual Report for 2024/25 or any prior reporting period.

## GRI 2-3 FEEDBACK

The Board welcomes stakeholder feedback on this Integrated Annual Report and requests readers to direct all such feedback to:

**Email: marketing@dilmahtea.com**  
**Dilmah Ceylon Tea Company PLC**  
111, Negombo Road, Peliyagoda.  
Tel: +114 822 000

# PHILOSOPHY



**Vision**

**BUSINESS  
IS A MATTER  
OF HUMAN  
SERVICE**



**Mission**

**We believe in the  
transformative  
power of tea.**

Every cup of our Tea presents our respect for Nature, as the source of taste and goodness, and our uncompromising commitment to Quality, Integrity and Purpose.

Our family business has its genesis in our Founder's devotion to tea, burnished by a heart of Kindness.

We stand firm with the same dedication to delivering great Taste and natural Goodness with Kindness.

We honour the legacy of Merrill J. Fernando, in pursuit of our mission to positively impact People and Nature.

Every sip of Dilmah Tea is an assurance of compassion, hope and a better world for present and future generations.

# ABOUT DILMAH



Dilmah Ceylon Tea Company PLC (Dilmah) is among the most iconic global tea brands, celebrated for its unwavering commitment to quality, authenticity, and integrity in tea production. Established in 1985 by Merrill J. Fernando Dilmah pioneered the world's first Single Origin tea brand which ensured every leaf was not only grown but also handpicked, processed, and packed at origin. This unique approach, now a hallmark of the Dilmah brand, allows for superior quality control, ethical sourcing, and greater value retention within Sri Lanka, benefiting both the national economy and its tea-growing communities.

With its roots deeply anchored in Sri Lanka's soil, Dilmah has grown into a globally recognised name that champions a unique philosophy built around the values of Taste, Goodness, and Purpose. These core values not only reflect the quality of the product but also the integrity of the process that supports the creation of the finest Ceylon Tea.

**Taste** represents Dilmah's dedication to crafting exceptional tea, preserving the rich character and freshness of handpicked Ceylon tea through its Single Origin model.

**Goodness** speaks to the Company's holistic approach to natural wellness, ensuring every cup of tea contributes positively to good health.

Ethical **purpose** defines the spirit of Dilmah's mission of kindness and underscores the belief that business must be a force for good.

Together, these values represent Dilmah's passion for tea, devotion to quality, and deep respect for people and the planet that continues to inspire industry transformation and global consumer trust.

## GLOBAL REACH

Dilmah's global reach is a testament to the strength of its commitment to preserving the quality and integrity of tea. Today, Dilmah tea is enjoyed in over 100 countries across five continents, where consumers connect with the brand for its unwavering dedication to Single Origin Ceylon Tea and what that represents - tea that is ethically grown, handpicked, and packed at source to retain its authenticity, freshness and richness of flavour.



## COMMITMENT TO INNOVATION

As a pioneer of Single Origin Ceylon Tea, Dilmah has consistently evolved to meet the changing expectations of global tea drinkers. With around 3,000 products and product innovation at the heart of this evolution, Dilmah continues to lead the industry through the development of unique artisanal teas, wellness infusions, tea extracts and ready-to-drink formats that cater to a modern, health-conscious, and convenience-seeking audience.

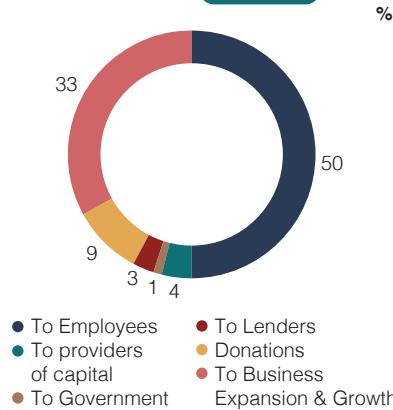
At the same time, understanding the growing demand for environmental responsibility, the Company has made bold strides in the adoption of sustainable packaging technologies that meet evolving sustainability standards in key global markets.

## LEADING BY EXAMPLE IN SUSTAINABILITY

The philosophy of Dilmah's founder - Merrill J. Fernando, that "business is a matter of human service", continues to define the Company's identity. This

purpose-driven ethos places sustainability, social equity, and environmental stewardship at the forefront of Dilmah's business model. A minimum pledge of 15% of annual pre-tax profits is made toward the work of the MJF Charitable Foundation and Dilmah Conservation for initiatives ranging from early childhood education and women's empowerment to biodiversity protection and regenerative agriculture, collectively enabling the creation of long-term value for all stakeholders.

### ECONOMIC IMPACT GRI 201-1



### ECONOMIC IMPACT

Foreign Exchange Generated:

**USD 72 Mn**

Tax Contributions:

**Rs. 79 Mn**

Employment Generated:

**822 numbers**

Payments to Employees:

**Rs. 2,177 Mn**

Payments to Suppliers:

**Rs. 20,440 Mn**

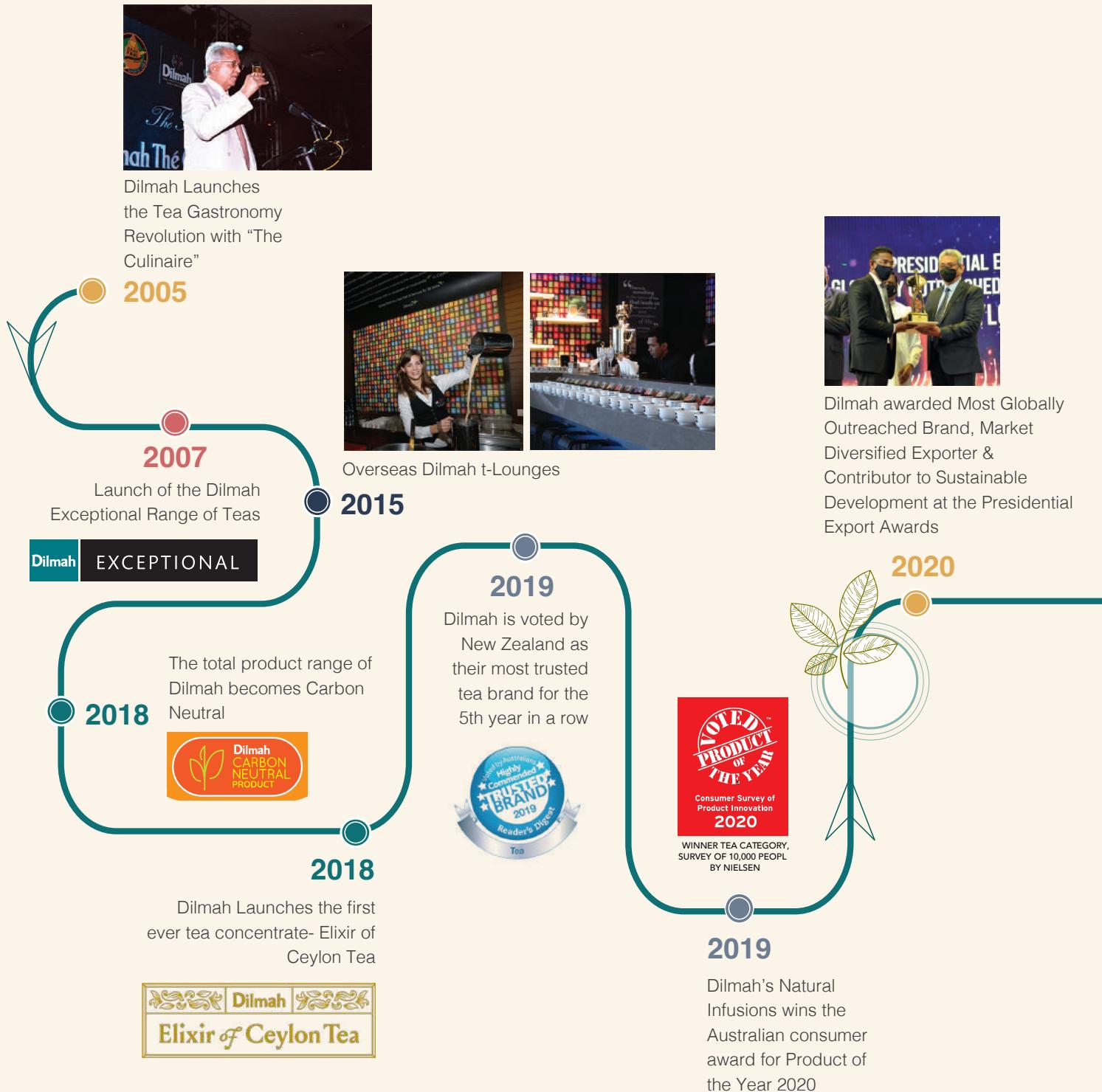
Market Capitalisation:

**Rs. 22,189 Mn**

Economic Value Added		2024/25 Rs.'000	2023/24 Rs.'000
Revenue		21,157,914	18,497,350
Other Income		386,689	879,106
		21,544,602	19,376,456
Goods & Services Purchased from Other Sources		(17,101,456)	(13,995,660)
Value Creation		4,443,146	5,380,796

Distribution of Value Added		2025 Rs.'000	2024 Rs.'000	Y-O-Y
To Employees	Salaries,wages & other benefits	2,176,898	2,001,824	9%
To providers of Capital	Dividend to shareholders	165,900	1,036,875	-84%
To Government	Taxes & Regulatory fees	79,073	603,537	-87%
To Lenders	Interest & Related charges	148,341	185,146	-20%
Donations	Payments on CSR/Dilmah Conservation & Others	397,861	350,776	13%
To Business Expansion & Growth	Depreciation including ROU Assets, Amortisation & Retained Income/(Loss)	703,174	538,723	31%
		771,899	663,916	16%
		4,443,146	5,380,796	-17%

# HISTORICAL MILESTONES





Dilmah launched Iced Tea in Singapore & Malaysia



## 2021

Dilmah lauded Best Corporate Citizen Award by the Ceylon Chamber of Commerce

- Voted one of 'Ten Best Corporate Citizens'
- Best Performance in Environmental Integration Best Performance in Customer Relations
- Best Performance in Demonstrated Resilient Practices for COVID-19
- One of the Winners for Best Projects Sustainability – disABILITY App



## genesis Dilmah Centre for a Sustainable Future.

Dilmah launches the Genesis Project as an initiative to promote the importance of Nature-based Solutions (NbS) with agricultural solutions.

## 2023



## 2023

6th-8th May 2023: The 10th Dilmah Global Family Conference was held in Colombo, Sri Lanka with the attendance of Dilmah Partners from across the globe to learn about our latest innovations.



In celebration of a 30 year strong partnership with Emirates, Dilmah launched the Elysium Experience which will go forward as an exclusive tea-inspired luxury serenity & mindfulness experience for Emirates First Class passengers

Launch of the Dilmah 85 Reserve; a collection of small batch luxury artisan teas & infusions

## 2024

Validated SBTi Near-term and Net-Zero Targets



SCIENCE  
BASED  
TARGETS

Launch of the collection of Very Special Rare Teas, elegantly express that art and the fingerprint of nature, and it perfectly aligns with the 21st century notion of conscious, natural luxury.



# PERFORMANCE HIGHLIGHTS

Metric		2024/25	2023/24	Y-O-Y
<strong>Financial Performance</strong>				
Revenue	Rs. Mn	<b>21,158</b>	18,497	14%
Operating profit	Rs. Mn	<b>1,451</b>	673	116%
Profit before tax	Rs. Mn	<b>1,689</b>	1,367	24%
Profit after tax	Rs. Mn	<b>726</b>	762	-5%
Return on equity	%	<b>3.21</b>	3.39	-5%
Return on capital employed	%	<b>3.21</b>	3.39	-5%
<strong>Working Capital Ratios</strong>				
Inventory days	Days	<b>64</b>	72	-11%
Debtor days	Days	<b>113</b>	125	-10%
Payable days	Days	<b>34</b>	38	-9%
Current ratio	Times	<b>5.19</b>	6.36	-18%
Quick asset ratio	Times	<b>4.33</b>	5.48	-21%
<strong>Financial Position</strong>				
Total assets	Rs. Mn	<b>28,900</b>	27,025	7%
Total liabilities	Rs. Mn	<b>5,983</b>	4,714	27%
Shareholders' funds	Rs. Mn	<b>22,917</b>	22,311	3%
Non-controlling interest	Rs. Mn	-	-	-
Total debt	Rs. Mn	-	-	-
<strong>Shareholder Information</strong>				
No. of shares in Issue	Number	<b>20,737,500</b>	20,737,500	0%
Earnings per share	Rs.	<b>35.00</b>	36.76	-5%
Dividends per share	Rs.	<b>20.00</b>	18.00	11%
Net asset value per share	Rs.	<b>1,105.13</b>	1,075.91	3%
Closing price	Rs.	<b>1,070.00</b>	995.25	8%
Market capitalisation	Rs. Mn	<b>22,189</b>	20,639	8%
P/E ratio	No. of times	<b>30.57</b>	27.07	13%
Dividend payout	%	<b>57.14</b>	48.96	17%
Dividend cover	No. of times	<b>1.73</b>	2.02	-14%
Dividend yield	%	<b>1.87</b>	1.81	3%

Metric		2024/25	2023/24	Y-O-Y
<b>Human Capital</b>				
Total employees – permanent	No.	<b>822</b>	717	15%
Payments to employees	Rs. Mn	<b>2,177</b>	2,002	9%
New recruits – permanent	No.	<b>76</b>	78	-3%
Employee retention rate	%	<b>88.1</b>	87	1%
No. of promotions	No.	<b>83</b>	71	17%
Female representation	%	<b>46</b>	49	-6%
Investment in training	Rs. Mn	<b>35</b>	120	-70%
Total training hours	Hours	<b>351,963</b>	66,084	433%
Average training hours/employee	Hours	<b>428</b>	20	2040%
Workplace injuries	No.	<b>0</b>	27	-100%
Union representation	%	<b>N/A</b>	N/A	-
Instances of disruption to work	No.	<b>Nil</b>	Nil	-
<b>Manufactured Capital</b>				
Investment in CAPEX - Cumulative	Rs. Mn	<b>8,005</b>	5,948	35%
Property, plant and equipment - Cumulative	Rs. Mn	<b>7,234</b>	5,201	39%
Highest performing equipment efficiency	%	<b>95</b>	94	1%
Capacity utilisation	%	<b>59</b>	51	16%
<b>Intellectual Capital</b>				
R&D investment	Rs. Mn	<b>66.5</b>	53.2	25%
New products launched	No.	<b>35</b>	41	-15%
Tea standards	No.	<b>442</b>	450	-2%
<b>Social and Relationship Capital</b>				
No. of distributors	No.	<b>105</b>	105	0%
Payments to suppliers	Rs. Mn	<b>20,440</b>	19,617	4%
Proportional spending to local suppliers	Rs. Mn	<b>14,494</b>	12,652	15%
Investment in CSR	Rs. Mn	<b>191</b>	200	-5%
<b>Natural Capital</b>				
Material - tea, flavours & herbs	MT	<b>5,512</b>	4,564	21%
Energy consumption	GJ	<b>20,402</b>	23,799	-14%
Energy intensity	GJ per unit	<b>3.12</b>	4.63	-33%
Water consumption	ML	<b>35.93</b>	35.25	2%
Solid waste generation	MT	<b>311.9</b>	305.41	2%
Carbon footprint	tCO <sub>2</sub> e	<b>45,213</b>	38,612	17%
Spending on environmental initiatives	Rs .Mn	<b>206</b>	151	37%

# AWARDS AND ACCOLADES



## Dilmah was Voted New Zealand's Most Trusted Tea Brand for the 9th Consecutive year by Reader's Digest

### 26th Presidential Export Awards - 2023/2024

- Overall Award – Market Diversified Exporter of the year
- Merit Award - Best Exporter of the Tea Sector (Large)

### TAGS Awards - 2023/2024

- Silver Award – Food and Beverage Sector – Turnover above LKR 15 BN

### BCCS Awards 2024

- Winner - Top 10 Corporate Citizen 2024
- Category Award Winner - Corporate Environmental Commitment
- Winner – Best Project Sustainability Awards for MJF Charitable Foundation's Small Entrepreneur Programme
- 2nd Runner Up – Award for Planning and Adoption for Resilient Practices
- Certificate: Consistent Commitment and Continuous Improvement - Environment Beyond Business
- Certificate: Consistent Commitment and Continuous Improvement- Customer Relations

### Sustainability Tracker Awards 2024

- Winner - High Achiever Award

## KEY HIGHLIGHTS FOR 2024/25

# Leadership that **Inspires**

This year's achievements reflect our commitment towards excellence across every dimension – from ethical practices and uncompromising quality to meaningful, lasting impact. Guided by a clear sense of purpose, our leadership continues to drive progress across our sphere of influence, inspiring positive change in every direction.



## REFLECTIONS BY CHAIRMAN & CHIEF EXECUTIVE



Dilhan C. Fernando

CEO / Executive Chairman

**GRI 2-22 DILMAH CEYLON TEA COMPANY PLC**

It is my privilege to present the Annual Report of Dilmah Ceylon Tea Company PLC (DCTC) and its subsidiary, MJF Beverages Pvt Ltd, for the financial year ended 31st March 2025.

**RESILIENCE ROOTED IN PURPOSE**

Markets globally became vastly more challenging than we could ever have imagined; rising inflation, ongoing geopolitical conflicts, disruptions to global trade routes, and continued economic fragility in key markets created an uncertain environment. Typically these manifest in higher costs, logistics and supply chain delays which combined with greater price pressure to create a toxic environment for quality.

As the philosophy and purpose of Dilmah demand, these challenges were met with fresh affirmation of our founding values. In honouring our Founder's emphasis on quality, expanding our commitment to sustainability for broader industry benefit, and increasing our emphasis on kindness to people, we strengthened our resilience. In the knowledge that a team that is genuinely led by a greater purpose will always be stronger, we resisted pressure to compromise, given the wider social and economic purpose of Dilmah.

At the heart of Dilmah's resilience lies the knowledge that business must serve humanity. This principle – defined by my father, Merrill J. Fernando - underpins every decision we make, from the

manner in which we produce and market our tea to our interaction with communities and natural ecosystems. Financial Year 2024/25 has been a year in which our purpose was tested, but also strengthened.

**STABLE GROWTH AMID GLOBAL VOLATILITY**

Against this challenging backdrop, DCTC delivered stable financial performance, demonstrating both resilience and disciplined execution. The Group reported consolidated revenue of LKR 21.16 billion, a 14% increase from the previous year. This topline growth was supported by a balanced mix of pricing discipline, proactive product development and increased demand for premium products, complemented by growth in several key territories.

Profit Before Tax for the period stood at LKR 1.69 billion, a significant recovery compared to the prior year's forex-influenced volatility. Strict cost controls, margin optimisation, supply chain efficiencies, and prudent currency management helped to protect and grow the profitability.

Net assets grew steadily, reinforcing the Group's long-term financial strength, with total assets exceeding LKR 28 billion.

**EXPANDING INNOVATION & MARKET RELEVANCE**

Our focus on product innovation continued to emphasise the uniqueness of the Dilmah brand. During the year in review, 35 new products were launched, connecting Dilmah with a new generation of consumers, with an appreciation of natural wellness, health and natural beverages and experiential dining. Innovations included enhanced antioxidant and immunity-boosting teas, as well as specialty artisanal teas aligned with the premiumisation trend in the tea category.

Investments and research into compostable and sustainable packaging solutions advanced, aimed at minimising our impact on the environment while maintaining the taste and goodness in our teas and herbs. These innovations are an essential part of our broader environmental stewardship agenda, which remains central to our long-term competitiveness.

**BRAND EXCELLENCE AND GLOBAL RECOGNITION**

During the year, Dilmah was recognised internationally for its brand leadership and integrity. We were honoured to retain our position as New Zealand's Most Trusted Tea Brand for the ninth consecutive year. In Sri Lanka, Dilmah was recognised at the Presidential Export Awards, reaffirming our contribution to the national export economy.

Our growing success in digital marketing, e-commerce expansion, and strengthened customer engagement platforms allowed us to reach new demographics, particularly younger consumers who increasingly demand both product authenticity and responsible business practices.

**STRENGTHENED SOCIAL AND ENVIRONMENTAL COMMITMENTS**

In fulfilment of our Founder's philosophy of serving humanity, we continued to invest extensively in showing kindness to less fortunate people through the MJF Charitable Foundation, directing minimum 15% of pre-tax profits into numerous programmes that uplift marginalised and disadvantaged communities. Key focus areas included:

- Children with disability : a focus on ability through education, creativity & therapy
- Education : formal, life skills & vocational training for less fortunate youth

# REFLECTIONS BY CHAIRMAN & CHIEF EXECUTIVE

- Tea & Cinnamon Communities : Nutrition and Welfare of plantation communities
- Empowerment : Sustainable Entrepreneurship for dignity & impact
- Healthcare : Strengthening capacity in Emergency Care & managing severe illness

Dilmah Conservation continued its pioneering environmental work, building climate resilience through biodiversity preservation, habitat restoration, and reforestation efforts. These initiatives reflect our long-term commitment to balancing commercial objectives with environmental responsibility.

## RISKS & REALITIES

The global tea industry remains challenging. Crisis related cost escalation and faint efforts at controlling food inflation in some territories resulted in intensified discount pressure. Too many tea companies yielded to that pressure. Our position remains that our teas carry with them the livelihoods of workers, biodiversity of our country and the promise my father made when he first launched Dilmah, making compromise in quality an impossibility.

In several traditional markets, changing demographics have produced declining volumes. Commoditisation pressures continue to undermine prices and margin sustainability, placing strain on producers. Recent supply disruptions—most notably within the global coffee industry—have highlighted the critical and enduring importance of genuine sustainability. These challenges are equally relevant to the tea industry, underscoring the need for resilient and future-focused value chains.

Global warming is amongst the most significant threats to industry sustainability. Rising temperatures, changing rainfall patterns, and increased occurrence of extreme weather events threaten crop yields and compromise the ecosystems on which fine tea depends.

In Sri Lanka, these global trends have been amplified by local production challenges. Rising labour costs, stagnant productivity, an aging workforce, and the urgent need for industry modernisation remain core issues that require collective national attention. However, securing of Geographic Indication (GI) status for Ceylon Tea represents an important step towards protecting and strengthening our unique origin proposition on the global stage. We need to be aligned as an industry however, for this opportunity to deliver benefit to Ceylon Tea.

Shipping disruptions and cost escalation, exacerbated by ongoing global conflicts, remain ongoing operational challenges, making agile procurement and supply chain management more important.

## STRENGTH IN SUSTAINABILITY — THE CORE OF DILMAH'S ADVANTAGE

Dilmah's ability to thrive through these complexities is fundamentally linked to its commitment to quality, ethics, and sustainability. The alignment of quality, manufacturing standards, genuine innovation, pricing and positioning in every market allows us to preserve quality at every stage while ensuring that the benefits of value addition fairly benefit producers and the tea industry.

Our focus on genuine value and rejection of commoditisation allows us to preserve margin integrity while supporting fair wages and dignified livelihoods for our

suppliers and employees. Sustainability is not a trend but a consideration that is embedded into our operating model and long-term viability.

## We invest directly in:

- Ethical, traceable, and transparent sourcing and production.
- Climate resilience and biodiversity protection through reforestation and conservation science
- Inclusive community development with a special focus on youth, women, and the differently abled
- Employee development and leadership capacity building to ensure future generations of excellence

These commitments were formed decades before ethics and sustainability became a marketing tool for many brands. Conscious consumers are increasingly aligning with these values as they seek to do good through what they buy.

## GLOBAL ECONOMIC AND GEOPOLITICAL BACKDROP

The wider macroeconomic environment remained volatile throughout the year. Global conflicts—particularly in Eastern Europe, the Middle East, and maritime choke points such as the Red Sea—disrupted shipping routes and exerted upward pressure on freight and input costs.

Inflation, while moderating from recent peaks, continued to constrain consumer spending power in several key markets. At the same time, consumer behaviour continued to shift in favour of health

and wellness-focused products, digital engagement, and purpose-led brands. This dynamic presents both challenges and opportunities for the global tea industry.

For Dilmah, our extensive presence across more than 100 countries, combined with a diversified product portfolio and the strength of our direct-to-consumer channels, positions us to navigate these external risks with relative resilience.

#### **FUTURE OUTLOOK: RESPONSIBLE GROWTH**

Looking to the future, we remain confident in the underlying strength and honesty of Dilmah's proposition and connected philosophy. We will continue to prioritise:

- Expanding functional wellness, specialty, and premium tea offerings
- Deepening customer engagement through personalised digital platforms
- Investing in production efficiency and sustainable process innovation
- Strengthening leadership capability across our global organisation
- Advocating for responsible industry reforms and improved national competitiveness

While the operating environment is likely to continue to be turbulent, our unique value proposition, disciplined financial stewardship, and unwavering purpose provide a formidable foundation for sustainable, long-term growth.

#### **APPRECIATION**

I wish to place on record my deepest appreciation to our partners and team members – the Dilmah Global Family - for their commitment to our cause, and their dedication. I am also grateful to our airline, hospitality, and retail partners, and especially to consumers who have accepted my father's invitation to 'do try it!'.

My sincere thanks also to my colleagues on the Board for their continued guidance, stewardship, and wise counsel through what has been another year of challenge and opportunity. Their support has been instrumental in enabling the Company to navigate complexity while staying firmly anchored to its founding purpose.

To our shareholders, I express my sincere thanks for their continued confidence as we navigate these dynamic times while remaining firmly anchored in our founding values. I also remain indebted to my father, Merrill J. Fernando, whose faith, humility, devotion and courage have given us a firm foundation and a powerful cause to work towards.

We will continue our mission to make business a matter of human service and ensure that Dilmah remains a standard bearer for ethical and sustainable business.



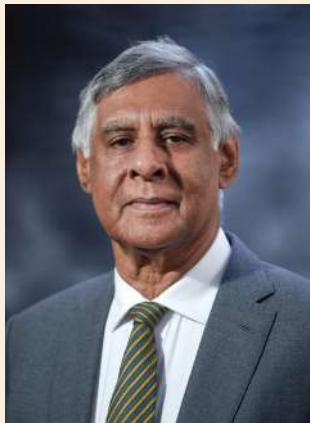
**Dilhan C. Fernando**  
Chairman & CEO  
Dilmah Ceylon Tea Company PLC

# BOARD OF DIRECTORS

GRI 2-9



**Mr. Dilhan C. Fernando**  
Executive Director - Chief Executive Officer/Chairman



**Mr. Himendra S. Ranaweera**  
Executive Director/Deputy Chairman



**Mr. Malik J. Fernando**  
Executive Director



**Mr. Roshan C. Tissaaratchy**  
Executive Director



**Mr. Darshana Gunasekera**  
Executive Director



**Ms. Minette D. A. Perera**  
Non-Executive Director



**Mr. Rajan Asirwatham**  
Non-Executive Director



**Mr. John M. Lo**  
Non Executive, Independent Director



**Dr. Ravindra A. Fernando**  
Non-Executive, Independent Director



**Mr. Anil Lasantha Naomal Dias**  
Non-Executive, Independent Director

**MR. DILHAN C. FERNANDO****Executive Director/Chief Executive Officer/Chairman**

Mr. Dilhan C. Fernando is Chairman to the Board of Dilmah Ceylon Tea Company PLC being so elected on 31.07.2023 according to the wishes of his father Late Merrill J. Fernando to carry forward his legacy. He was appointed to the Board of Dilmah Ceylon Tea Company PLC (formerly Ceylon Tea Services PLC) in September 1991 as an Executive Director. Mr. Fernando had his secondary education at Stonyhurst College, England and graduated from the London School of Economics with a BSc (Hons) in Economics. He joined the MJF Group as a Management Trainee nearly 30 years ago. Mr. Fernando serves as Chair of UN Global Compact Network Sri Lanka and Biodiversity Sri Lanka, a pioneering environmental collaboration amongst the Ceylon Chamber of Commerce, IUCN and Dilmah Conservation. He was appointed as an Adjunct Professor of Practice for the School of Business & Law at the Edith Cowan University in Australia.

Mr. Fernando is also the Chairman of Kahawatte Plantations PLC, and holds directorship in several other Private Limited Companies.

**MR. HIMENDRA S. RANAWEERA****Executive Director/Deputy Chairman**

Mr. Himendra S. Ranaweera has been working with the MJF Group of Companies for the past 30 years and is its Deputy Chairman. He was appointed to the Board of Dilmah Ceylon Tea Company PLC (formerly known as Ceylon Tea Services PLC) in April 1998. Mr. Ranaweera has over 40 years of experience in Operations Management, in Sri Lanka and overseas. Mr. Ranaweera also holds directorships

in Kahawatte Plantations PLC and several other Private Limited Companies.

**MR. MALIK J. FERNANDO****Executive Director**

Mr. Malik J. Fernando was appointed to the Board of Dilmah Ceylon Tea Company PLC (formerly Ceylon Tea Services PLC) in September 1991 as an Executive Director. He is the Founder of Resplendent Ceylon, home to a collection of luxury Sri Lankan boutique resorts, also known as the hospitality arm of Dilmah Tea. He is additionally the second-generation owner, together with his brother Dilhan, of MJF Holdings & Dilmah Tea, founded by his father, Merrill J. Fernando in 1985. Having grown up and studied overseas, Mr. Fernando decided to return home to pursue a career with Dilmah upon his graduation from Babson College, Boston, in 1989. Armed with his passion for the evergreen, lush nature in Sri Lanka, he strongly believed in the potential for Sri Lanka to become a luxury tourist holiday destination. Coupled with his desire to tell stories through tea, his first venture was the boutique resort, Ceylon Tea Trails, the world's first tea bungalow resort built on working tea estates, which also echoed his devotion to tea. Reflecting his goal to make Sri Lanka a luxury destination, Ceylon Tea Trails is also the first Relais & Chateaux resort in Sri Lanka, and the first on the coveted Conde Nast Gold List. In a bid to complete what he dubbed the "best of Sri Lanka circuit", comprising the three most distinctive offerings in the country – tea, sea, and safari, he went on to spearhead Cape Weligama which features breathtaking ocean views and Wild Coast Tented Lodge which gives a taste of the jungle. Guided by the Dilmah philosophy that business must also be a matter of human service, he has led various positive impact initiatives within

Resplendent Ceylon. Mr. Fernando

spearheaded the Peak Ridge Forest Corridor in 2021 to conserve an 18 km mountain ridge to protect leopards in the Sri Lankan tea highlands. He founded the Sri Lanka Tourism Alliance which works to promote sustainable tourism practices and support the tourism industry. It was established in response to the challenges faced by the tourism sector in Sri Lanka, particularly after the Easter Sunday attacks in 2019. Signature achievements of the Alliance include the first global consumer communications campaign for Sri Lanka after the economic crisis in 2022, the only dedicated tourism jobs portal to address staff shortages and an initiative to increase female participation in the tourism workforce. Mr. Fernando also holds several other directorships in Public Listed and Private Companies.

**MR. ROSHAN C. TISSAARATCHY****Executive Director**

Mr. Roshan C. Tissaaratchy is an Executive Director of the company and was appointed to the Board of Dilmah Ceylon Tea Company PLC (formerly Ceylon Tea Services PLC) in April 2005 as an Executive Director.

Mr. Tissaaratchy is a graduate of the University of Colombo and a Fellow of the Chartered Institute of Marketing, UK. He also has an MBA from the University of Sri Jayewardenepura. He has now completed over 27 years of International Marketing with Dilmah Tea and also currently heads the management of several key departments in the Company.

**MR. DARSHANA GUNASEKERA****Executive Director**

Mr. Darshana Gunasekera serves as the Group Finance Director of the MJF Group and as an Executive Director of Dilmah Ceylon Tea Company PLC, having joined

# BOARD OF DIRECTORS

the Group as Chief Financial Officer of Dilmah Ceylon Tea Company PLC in 2015. He was appointed to the Board of Dilmah Ceylon Tea Company PLC in October 2020.

A seasoned finance and business leader with over 25 years of cross-sector experience, Mr. Gunasekera has held senior leadership roles across FMCG, Manufacturing, Tea, Leisure, plantations, renewable energy, apparel, financial services, and international shared services. His expertise spans financial strategy, corporate finance, business transformation, investor relations, supply chain finance, and general management across both local and multinational corporations.

He is a Fellow Member of the Chartered Institute of Management Accountants (UK), Fellow member of the Association of Chartered Certified Accountants (UK), and Chartered Global Management Accountant (CGMA) of the American Institute of Certified Public Accountants. Mr. Gunasekera also holds a B.Sc. degree in Physical Science from the University of Sri Jayewardenepura and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK).

Mr. Gunasekera serves on the boards of several other listed public companies, including Kahawatte Plantations PLC and Talawakelle Tea Estates PLC, and holds directorships in a number of private companies both in Sri Lanka and internationally. He also maintains a strategic interest in a purpose-driven start-up in the circular economy space, where he contributes to shaping its sustainability agenda, ESG integration, and long-term value creation.

In addition, Mr. Gunasekera currently chairs the Integrity and Ethics Committee

of the International Chamber of Commerce, Sri Lanka (ICC SL), and serves on its Executive Committee on Policy Advocacy, actively promoting ethical business conduct and sound corporate governance.

## **MS. MINETTE D. A. PERERA** **Non-Executive Director**

Ms. Minette D. A. Perera was appointed to the Board of Dilmah Ceylon Tea Company PLC in September 2000 as an Executive Director. She is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. After serving the Company as the Group Finance Director for over 12 years, Ms. Perera retired from her post on 31st March 2013 and currently serves on the Board as a Non-Executive Director.

During the period of her employment with the MJF Group, she was appointed a Director of the MJF Group of Companies, including MJF Holdings Limited. She continues to hold Board positions in some Companies of the MJF Group. Ms. Perera has over 40 years of working experience in Financial Management having worked in leading local and international companies as the CFO and Finance Director. She is currently an Independent Non Executive Director of several listed and unlisted Companies.

## **MR. RAJAN ASIRWATHAM** **Non-Executive Director**

Mr. Rajan Asirwatham was appointed to the Board of Dilmah Ceylon Tea Company PLC (formerly Ceylon Tea Services PLC) on 04th September 2008 as a Non-Executive Director. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. After a distinguished career at Ford Rhodes, now known as KPMG, he

retired as its Senior Partner and Country Head on 31st March 2008.

## **MR. JOHN M. LO**

**Non Executive, Independent Director**  
Mr. Lo was appointed to the Board of Dilmah Ceylon Tea Company PLC on 21st November 2023 as a Non Executive Independent Director.

He was appointed as the Senior Independent Director of the Company w.e.f. 01.01.2025.

Mr. John Lo is an Investment Professional Consultant whose experience spans over 30 years. Mr. John Lo started his career at Fidelity International Limited (FIL) where he worked in London, Hong Kong and Singapore offices. He was a Portfolio Manager for global institutional clients, including sovereign wealth funds, national postal services, corporate pension funds, and wealth managers.

These clients entrusted him to construct portfolios with the mandate to invest in the Asia Pacific region. Mr. Lo has invested across a broad spectrum of sectors, including consumer, franchises and brands space due to his grounding as the Country Head for Malaysia and the consumer and gaming analyst in his early career. At the peak, accounts under his direct management amounted to US\$7 billion. In addition to his role as Portfolio Manager, Mr. John Lo was also Head of Equity in Singapore, and responsible for establishing FIL's investment office in Singapore in 2005. He grew and nurtured the team to become the global hub that it is for the firm today.

Mr. John Lo was educated in England at Stonyhurst College going on to pursue a BSc (Hons) degree in Accountancy. He also holds an MBA with distinction from the Manchester Business School.

Post his pivot from FIL in 2019, he continues to invest his resources in design, branding, film production and property development, housed under his umbrella concept, Elysium. Mr. John Lo is also advisor to a number of companies including Patience Capital Group, a private equity company specialising in Japanese real estate.

#### **DR. RAVINDRA A. FERNANDO**

##### **Non-Executive, Independent Director**

Mr. Fernando was appointed to the Board of Dilmah Ceylon Tea Company PLC on 11th February 2022 as a Non Executive Independent Director.

Mr. Fernando is an Alumni of the University of Cambridge having completed both a Post Graduate Certificate in Sustainable business in 2008 and Master of Studies in Sustainability Leadership in 2014. He has an MBA from the University of Colombo. He holds a Doctor of Business Administration Degree from the European Business School in 2016. He completed the Advanced Management Programme at the INSEAD Business School (France) and is an INSEAD Executive in Residence since 2010.

He is a Member of the Board of Study at the Postgraduate Institute of Management (PIM) since March 2023 and is a Visiting Faculty member.

In April 2020, he created the '21st Century Board Leadership Model-MasterClass'© for the Institute of Directors of Luxembourg. In February 2023 he published '21st Century Leadership to Fight the Code Red for Business' (Archway Publishing USA).

His career with Multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, Smithkline Beecham

International covering Africa, Middle East and Asia. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016. He was the first UN Global Compact Focal point 2007 and set up the UNGC Network Sri Lanka Sri Lanka Network. He serves on the Board of Global Strategic Corporate Sustainability P.K.I. Ltd., Melstacorp , Aitken Spence PLC, Elpitiya Plantations PLC, Aitken Spence Hotel Holdings PLC, UN Global Compact, Madulsima Plantations, Balangoda Plantations PLC, Browns Beach Hotels, Ceylon Graphene Technologies Ltd and Ceylon Asset Management Ltd. In 2007 "Global Strategy Leadership award" was presented to him by Professor Renee Mauborgne of INSEAD at the World Strategy summit.

#### **MR. ANIL LASANTHA NAOMAL DIAS**

##### **Non-Executive, Independent Director**

Mr. Dias was appointed to the Board of Dilmah Ceylon Tea Company PLC on 01st January 2025 as a Non Executive Independent Director.

Mr. Anil Dias is an experienced finance professional with 40 years of experience in senior finance, general management and business transformation roles with global responsibilities. He currently serves on the Board of Mercantile Investments and Finance PLC as an Independent Non-Executive Director.

Much of his career was with Coats PLC of the UK, a FTSE 250 company with a wide global footprint and the world leader in industrial sewing threads. Prior to joining Coats Mr. Dias was the head of Finance at Associated Battery Manufacturers (Ceylon) Ltd, the manufacturer of market leading automobile batteries in Sri Lanka. While with Coats Mr. Dias undertook

country general management, Regional, and Global Finance roles, including Chief Financial Officer of the Global Industrial Division. In these positions he has served on multiple country Boards and on the Group Risk Management Committee. He was a member of senior global leadership teams, participating in defining and executing Group strategy.

Mr. Dias also led a global Finance Transformation programme to support a fundamental restructuring of the business. This involved process redesign and automation using innovative digital solutions to transform the Finance operating model. This included directly managing a leading third-party service provider to whom financial transaction processing was outsourced.

Mr. Dias is presently Chairman of the board of a not-for-profit organisation engaged in rural poverty alleviation in Sri Lanka, involving micro-credit lending and empowering small scale dairy farming and fishing communities.

Mr. Dias is a Fellow Member of the Chartered Institute of Management Accountants, of the UK and holds a Masters Degree in Business Administration from the Postgraduate Institute of Management of the University of Sri Jayawardenepura.

# CORPORATE MANAGEMENT



## Row 1 (L to R)

**Mr. U.W.R. Sampath** - Manager - Conservation and Sustainability, **Mr. K.H.M.V.N. Sugathapala** - General Manager Sales (Sri Lanka and Maldives), **Dr. A.C. Liyanage** - Head of Food Technology Department, **Ms. V. Paiva** - Head of Logistics, **Mr. R. Mohinudeen** - Manager - ICT Operations, **Ms. J.N. Amaratunga** - Head of International Retail, **Mr. S.D. Jayasundara** - General Manager - Dilmah Beverages, **Ms. O.C.N. Perera** - General Manager - Dilmah F&B

## Second Row (L to R):

**Ms. R. Mather** - Head of Strategic Communications and Partnerships, **Mr. R.N. Malinga** - Chief Financial Officer, **Mr. R.M.M. Rathnayake** - Head of Tea Department, **Ms. D.J.C.D. Jayasinghe** - Head of NPD, Demand & Supply Planning, **Mr. M. Verage** - Head of Design, **Mr. G. Thilakarathne** - Group Head of Human Resources, **Ms. R. Kaggoda Arachchy** - Senior Manager - Legal, **Ms. M.C. Rajanayake** - Financial Controller, **Mr. W.M. Wijebandara** - Head of Manufacturing Operations - MJFB



**Third Row (L to R):**

**Mr. S.P. Atukorale** - Head of International Food Service, **Mr. L.S. Manuelpillai** - Manager- Events & PR, **Mr. C. Hewakuruppuge** - Head of Risk Compliance & Process Improvement, **Mr. R. Bandara** - Head of Manufacturing Excellence, **Ms. V. Karunathilake** - Group Head of Quality Assurance, **Mr. A.P. Perera** - Group Head of IT, **Mr. D. Jayawardena** - General Manager/Chief Operating Officer, **Mr. P. Sandaruwan** - Manager - Security, **Mr. R. Mahavithana** - Manager - Transport, **Mr. D. Alahakoon** - Group Head of Engineering, **Mr. S. Kamalanathan** - General Manager - MJFCF

“

My father was the first grower to offer tea grown and ethically crafted at source to the world. He named his tea Dilmah – after my brother Malik and I – and travelled the world inviting people, ‘do try it!’. 40 years on we continue his mission as we make a stand for Quality, Integrity & Kindness.

**We promise you great taste, natural goodness & ethical purpose in our teas.**

”



**Dilhan C. Fernando**  
CEO / Executive Chairman

## STRATEGY REPORT

# Vision that **Transforms**

**Our strategy is shaped by a clear view of the future, focused on transforming challenges into opportunities and creating enduring value across all that we do.**

**It reflects a holistic vision that encompasses the diverse regions we operate in and the wide range of stakeholders we serve. By aligning intention with impact, we continue to build resilience, adaptability, and meaningful progress, both today and in the years ahead.**



# VALUE CREATION AND PRESERVATION MODEL

CAPITAL INPUTS	VALUE DELIVERED
 <b>Rs. 22.9 Bn</b> shareholder funds <b>FINANCIAL CAPITAL</b>	Shareholder <b>PAT Rs. 726 Mn</b>
 <b>822</b> employees with skills, values and industry experience <b>Rs. 35 Mn</b> for Training <b>83</b> No. of Promotions <b>HUMAN CAPITAL</b>	Employees value created <b>Rs. 2,177 Mn</b> <b>351,963</b> Training hours
 <b>Rs. 2,776 Mn</b> Investment in CAPEX <b>MANUFACTURED CAPITAL</b>	Tea <b>5,769 MT</b> Improved Efficiency ensuring <b>100%</b> Delivery in Full on Time (DIFOT)
 <b>Dedicated philanthropic arm:</b> MJF Charitable Foundation Marketing Tools to promote <b>Tea as an Experience</b> <b>SOCIAL &amp; RELATIONSHIP CAPITAL</b>	<b>Rs. 191 Mn</b> Investment in community engagement initiatives Developed unique and innovative customer engagement tools
 <b>Rs. 66.5 Mn</b> Allocated for Research and Development <b>INTELLECTUAL CAPITAL</b> <b>Spectrum of product, packaging and culinary innovations</b>	Launch of 35 new variants in 02 product ranges, exploring 02 new markets <b>Over 442 Tea Standards and over 3,000 products</b>
 <b>Dedicated environmental arm:</b> Dilmah Conservation Renewable energy, waste, water and other natural resources <b>NATURAL CAPITAL</b>	<b>27</b> Research Projects conducted on Climate Change <b>Validated Near-term and Net-Zero SBTi Targets including FLAG</b>

We believe in the transformative power of tea.

Every cup of our Tea presents our respect for Nature, as the source of taste and goodness, and our uncompromising commitment to Quality, Integrity and Purpose. Our

**GRADING AND TASTING**

Selection based on samples obtained from plantations/brokers to meet company standards. Evaluate 10,000- 12,000 samples weekly

**TEA STANDARDS**

Formulated by our globally renowned tea experts and approved by the Chairman, our unique Tea Standards define the elevation, region, and quantity of teas to be procured.

**MARKETING AND DISTRIBUTING**

Marketing and Distribution to over 100 countries through agents/distributors and also via online sales

## Strategy

Dilmah's success is anchored in the quality of Ceylon Tea and our commitment to nature and communities, driving us to foster progress and achieve successful collaborations.

TOP QUALITY VALUE ADDED TEA DELIVERED WITH

Leaf evaluation using all sensory impacts including visual, sound, feel and taste

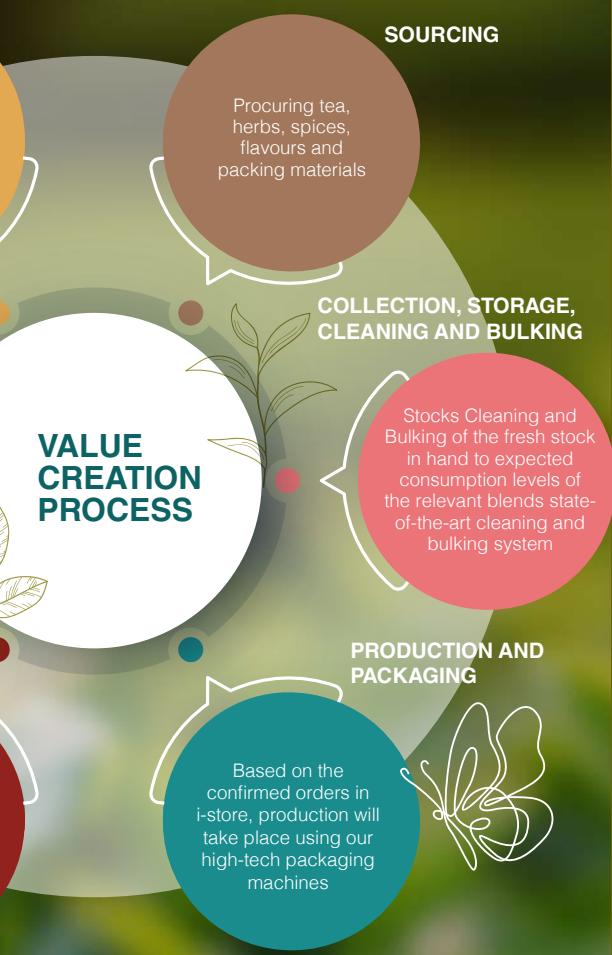
Internal quality control procedures for stringent sample testing guarded with 15 international certifications and standards

**KEY PILLARS OF VALUE CREATION AND PRESERVATION**

**Vision**  
See page 11

**Mission**  
See page 11

family business has its genesis in our Founder's devotion to tea, burnished by a heart of Kindness. We stand firm with the same dedication to delivering great Taste and natural Goodness with Kindness. We honour the legacy of Merrill J. Fernando, in pursuit of our mission to positively impact People and Nature. Every sip of Dilmah Tea is an assurance of compassion, hope and a better world for present and future generations.



## Governance

At Dilmah Ceylon Tea Company PLC, good governance is the cornerstone of our operations. It has been crucial in establishing Dilmah as the first ethically produced tea brand and in embodying our philosophy that business should serve a higher purpose beyond commerce

Quality checks prior to production (through a trial batch), during production (through samples) and prior to packaging (Individual silo samples)

### OUTCOMES

### IMPACT

**Financial stability**  
and growth

Robust NAV per share  
**Rs.1,105**

**55.8%** of the total workforce with more than 5 years of service  
**Talented, committed and empowered human capital**

**88.1% Retention Rate**  
Loyal workforce Joint Consultative Committee at all employee level in-place

State-of-the-art manufacturing facilities  
Technological enhancements with advanced manufacturing technology

Customer Satisfaction and improved process efficiency, minimising the defects rate

**Empowered community**  
**Strengthened supply chain**

**+50,000 beneficiaries** on community engagement  
The World's 1st Consumer and Hospitality Tea School – Dilmah School of Tea with over 5000 ambassadors globally

A product that is ethically, responsibly and safely manufactured  
A vertically integrated tea brand (from tea plant to tea cup)

Most globally outreached  
**Sri Lankan Brand**

**250,350 kWh**  
of Solar energy production  
**86.4%**  
of the Total Waste is Recycled/ Repurposed

One of the most Environmentally integrated tea brands of the World  
**Over 5,000** beneficiaries influenced on Environmental conservation including other businesses

After sales customer engagement and feedback mechanisms, Continuous virtual and physical awareness raising sessions to improve the tea mixology and gastronomy that covers the customer and market

### Dilmah Values

See page 12

### Strategy

See page 63

### Governance

See page 148

### Risk Management

See page 55

# STAKEHOLDER ENGAGEMENT

**GRI 2-29** At Dilmah, stakeholder engagement is viewed as a strategic lever for long-term value creation.

Understanding the needs, concerns, and aspirations of stakeholders enables Dilmah to make informed decisions that strengthen resilience, enhance brand equity, and unlock new opportunities. These insights directly shape strategic priorities, from innovations, ethical

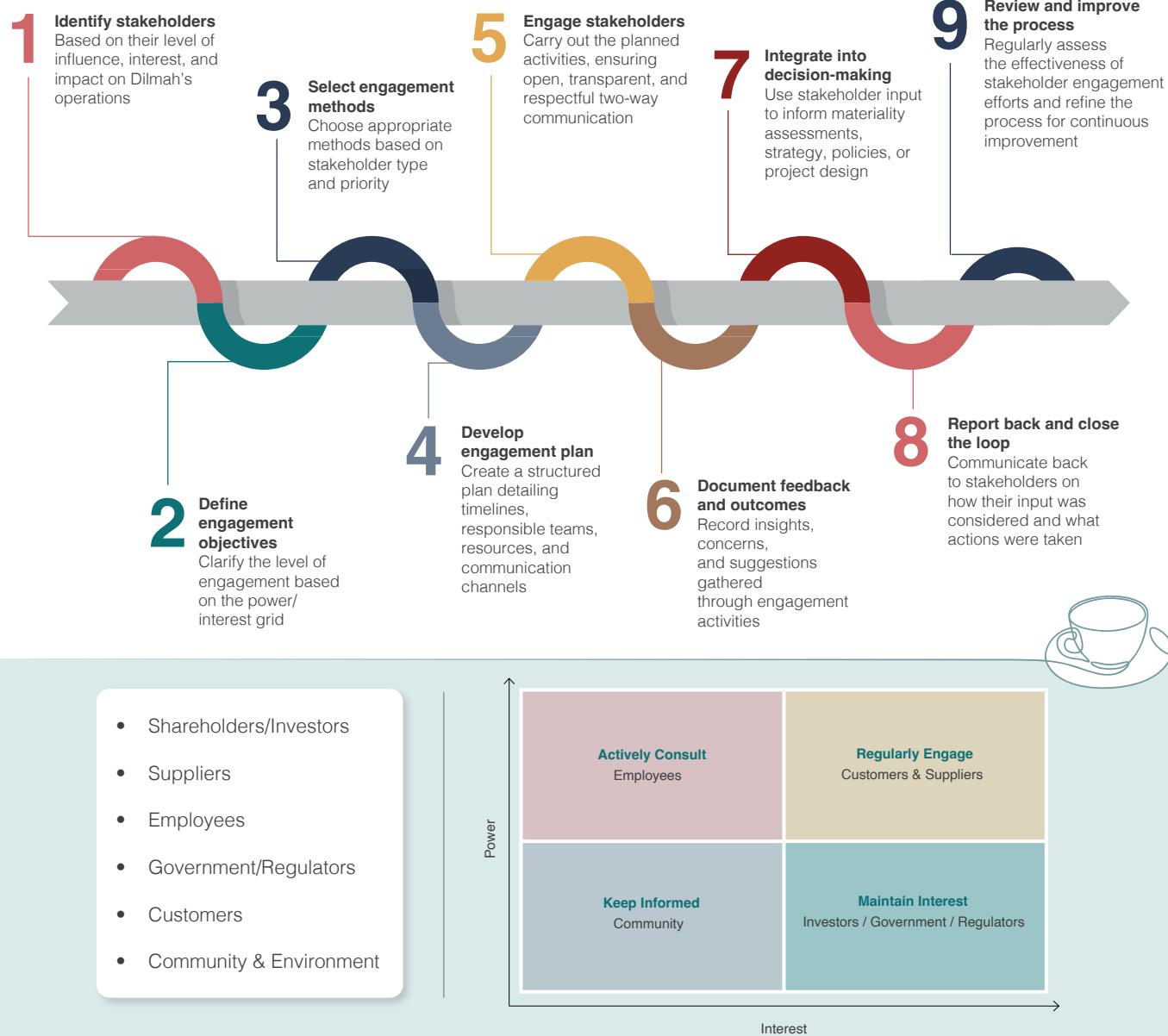
sourcing and product responsibility to community development and climate action.

Engagement also supports the early identification of risks and helps to align the Company's sustainability and governance frameworks with global best practices. This collaborative approach builds trust and fosters

loyalty, in turn contributing to sustained financial performance and social and environmental impact.

Simply put, stakeholder engagement at Dilmah forms the basis for delivering meaningful outcomes that benefit people, planet, and profit, reinforcing Dilmah's belief that true value is created when business is a matter of human service.

## Stakeholder Engagement Process





### **Employees** - Dilmah's team of 822 employees responsible for driving the Company's strategy and operations

Strength of Relationship ★★★★★

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading
<ul style="list-style-type: none"> <li>• Open-door policy (ongoing)</li> <li>• Annual performance reviews (Biannual)</li> <li>• Meetings and internal mailers (ongoing)</li> <li>• Awareness campaigns (ongoing)</li> <li>• Sports and cultural activities (ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration</li> <li>• Opportunities for skill and career progression</li> <li>• Equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Managing our people</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• 10% annual average salary increase</li> <li>• 83 employees promoted</li> <li>• 351,963 hours of training</li> </ul>	Human Capital - page 90



### **Customers** - Comprising global distributors, agents, end-customers and the HORECA channel

Strength of Relationship ★★★★★

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading
<ul style="list-style-type: none"> <li>• One-to-one interactions (ongoing)</li> <li>• Customer service and relationship management teams (ongoing)</li> <li>• Roadshows, events and exhibitions (as needed)</li> <li>• Mailers &amp; newsletters (ongoing)</li> <li>• Promotional campaigns (as needed)</li> <li>• Social media (continuous and ongoing)</li> <li>• Corporate website (continuous and ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality and food safety</li> <li>• Product affordability</li> <li>• Compliance to relevant regulations</li> <li>• Ease of transactions</li> <li>• Ethical production</li> <li>• Environmental sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Customer satisfaction</li> <li>• Product responsibility</li> <li>• Manufacturing capabilities</li> <li>• Information systems &amp; Cybersecurity</li> <li>• Managing our distribution network</li> <li>• Geopolitical conditions in buying markets</li> <li>• Managing our supply chain</li> <li>• Environmental &amp; socio-economic compliance</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• 3000+ products</li> <li>• Global product availability</li> <li>• Online channels</li> <li>• Over 80% customer satisfaction rating</li> <li>• ZERO incidents concerning the health and safety of products</li> <li>• ZERO critical incidents concerning non-compliance of product and service information and labelling</li> </ul>	<p>Manufactured Capital - page 72</p> <p>Social &amp; Relationship Capital - page 110</p>

# STAKEHOLDER ENGAGEMENT



**Shareholders / Investors** - Consisting of 1,043 individual shareholders and 59 institutional shareholders

Strength of Relationship ★★★★☆

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading
<ul style="list-style-type: none"> <li>• Annual general meeting</li> <li>• Interim financial statements (quarterly)</li> <li>• Press releases (ongoing)</li> <li>• Annual Report</li> <li>• Extraordinary general meetings (as needed)</li> <li>• CSE announcements (as needed)</li> <li>• Press conferences / press releases (as needed)</li> <li>• Corporate website (continuous and ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>• Sustained shareholder returns</li> <li>• Strategic aspirations</li> <li>• Prudent risk management corporate governance practices</li> <li>• Ethical business practices</li> <li>• Corporate reputation and brand</li> <li>• Transparency and credibility of disclosures</li> <li>• Share price</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable growth in earnings</li> <li>• Geopolitical conditions in buying markets</li> <li>• Exchange rate fluctuations</li> <li>• Brand Image and reputation</li> <li>• Manufacturing capabilities</li> <li>• Cost of production and logistics</li> </ul>	<ul style="list-style-type: none"> <li>• NAV per share - Rs. 1,105/-</li> <li>• Dividend payout Ratio - 57.14%</li> </ul>	<p>Financial capital - page 66</p> <p>Risk management report - page 55</p> <p>Corporate governance report - page 148</p> <p>Intellectual capital - page 78</p>



**Suppliers** - 79% of the Company's suppliers are locally sourced

Strength of Relationship ★★★★☆

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading
<ul style="list-style-type: none"> <li>• Vendor review (ongoing)</li> <li>• Regular dialogue and interactions (ongoing)</li> <li>• Visits to ensure compliance(ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>• Price and profitability</li> <li>• Credit period and ease of transactions</li> <li>• Capacity and demand planning</li> <li>• Climate change and sustainability</li> <li>• Production including responsible sourcing and packaging sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Managing our supply chain</li> <li>• Managing our Distribution Network</li> <li>• Environmental &amp; socio-economic compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Rs. 20,440 Mn paid to suppliers</li> <li>• 61 new suppliers onboarded</li> </ul>	<p>Social &amp; Relationship Capital - page 110</p>



**Government / Regulators** - Regulatory bodies oversee operational areas, and the government also levies taxes on profits

Strength of Relationship ★★★★☆

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading
<ul style="list-style-type: none"> <li>Statutory audits (ongoing)</li> <li>Meetings with Treasury, TRCSL, BOI, Customs (ongoing)</li> <li>Dialogue through intermediaries (ongoing)</li> <li>Industry forums (as needed)</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory &amp; legal compliance</li> <li>Timely payment of taxes</li> <li>Product safety &amp; quality</li> <li>Profitability and growth</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth in earnings</li> <li>Brand image and reputation</li> <li>Environmental &amp; socio-economic compliance</li> <li>Power and energy</li> </ul>	<ul style="list-style-type: none"> <li>Rs. 79 Mn paid as taxes</li> <li>Zero incidents of regulatory non-compliance</li> </ul>	<p>Financial Capital - page 66</p> <p>Corporate Governance Report - page 148</p> <p>Natural Capital - page 124</p>



**Community & Environment** - Empowering vulnerable communities and preserving ecosystems

Strength of Relationship ★★★★★

Engagement Mechanisms and Frequency of Engagement	Key Concerns Raised	Connected Material Matters	Value Created	Further Reading
<ul style="list-style-type: none"> <li>Engagements through MJFCF community projects (ongoing)</li> <li>Dilmah Conservation projects (ongoing)</li> <li>Interactions with local authorities (as needed)</li> <li>Through NGO's and other collaborations (as needed)</li> <li>Social Media (continuous and ongoing)</li> <li>Corporate Website (continuous and ongoing)</li> </ul>	<ul style="list-style-type: none"> <li>Community investments</li> <li>Employment opportunities</li> <li>Environmental conservation</li> <li>Livelihood development</li> <li>Community Support</li> </ul>	<ul style="list-style-type: none"> <li>Implications of climate change</li> <li>Preserving the environment</li> <li>Community engagement</li> <li>Environmental &amp; socio-economic compliance</li> </ul>	<ul style="list-style-type: none"> <li>Rs. 191 Mn allocated for MJF Foundation Projects</li> <li>Rs. 206 Mn allocated for Dilmah Conservation projects</li> <li>250,350 kWh of Solar energy generation within the facility - equivalent to planting 2,929 Trees</li> <li>86.44% of the total Waste Recycled/ Repurposed/Re-used</li> </ul>	<p>Social &amp; Relationship Capital - page 110</p> <p>Natural Capital - page 124</p>

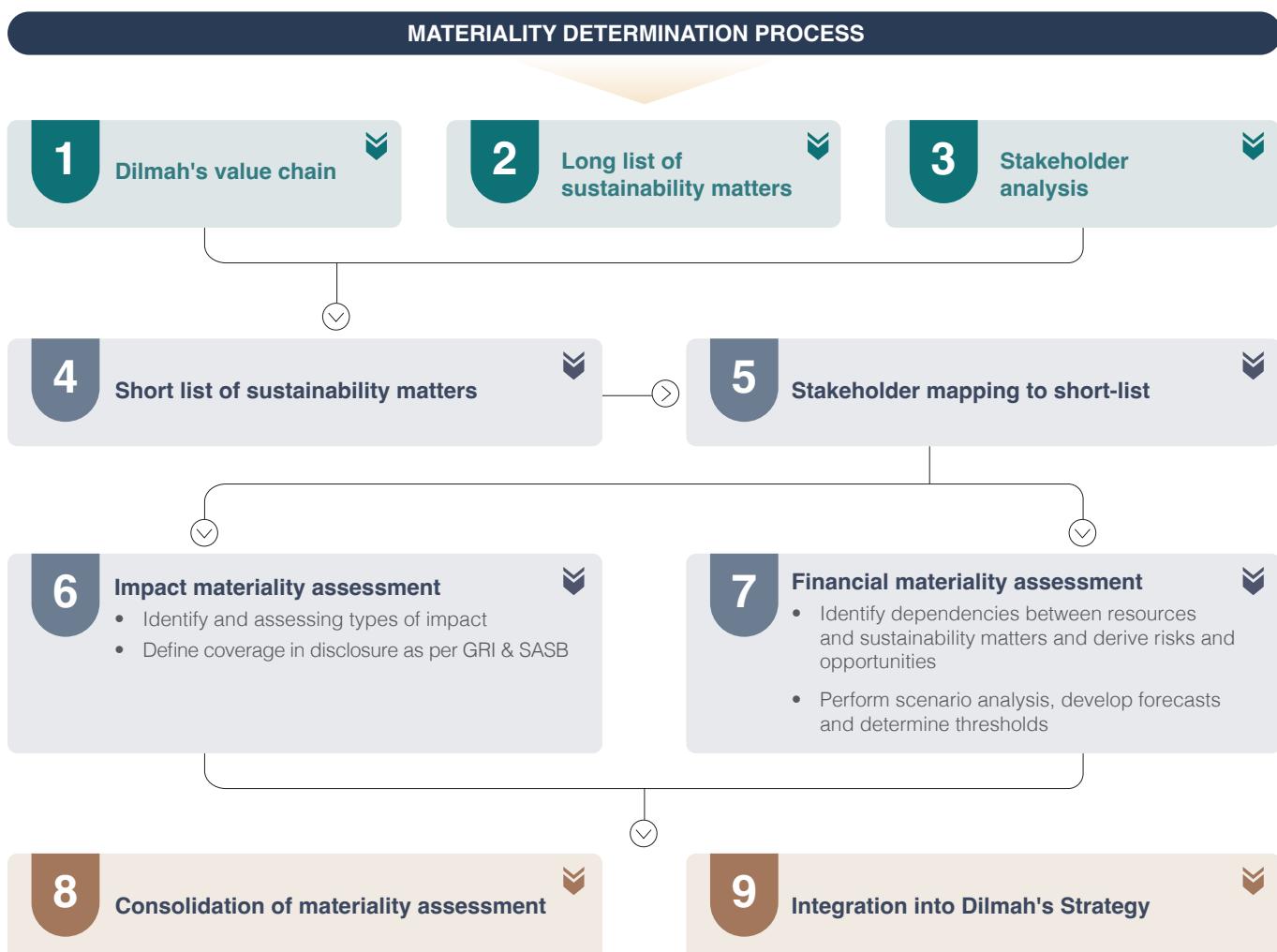
# MATERIAL TOPICS

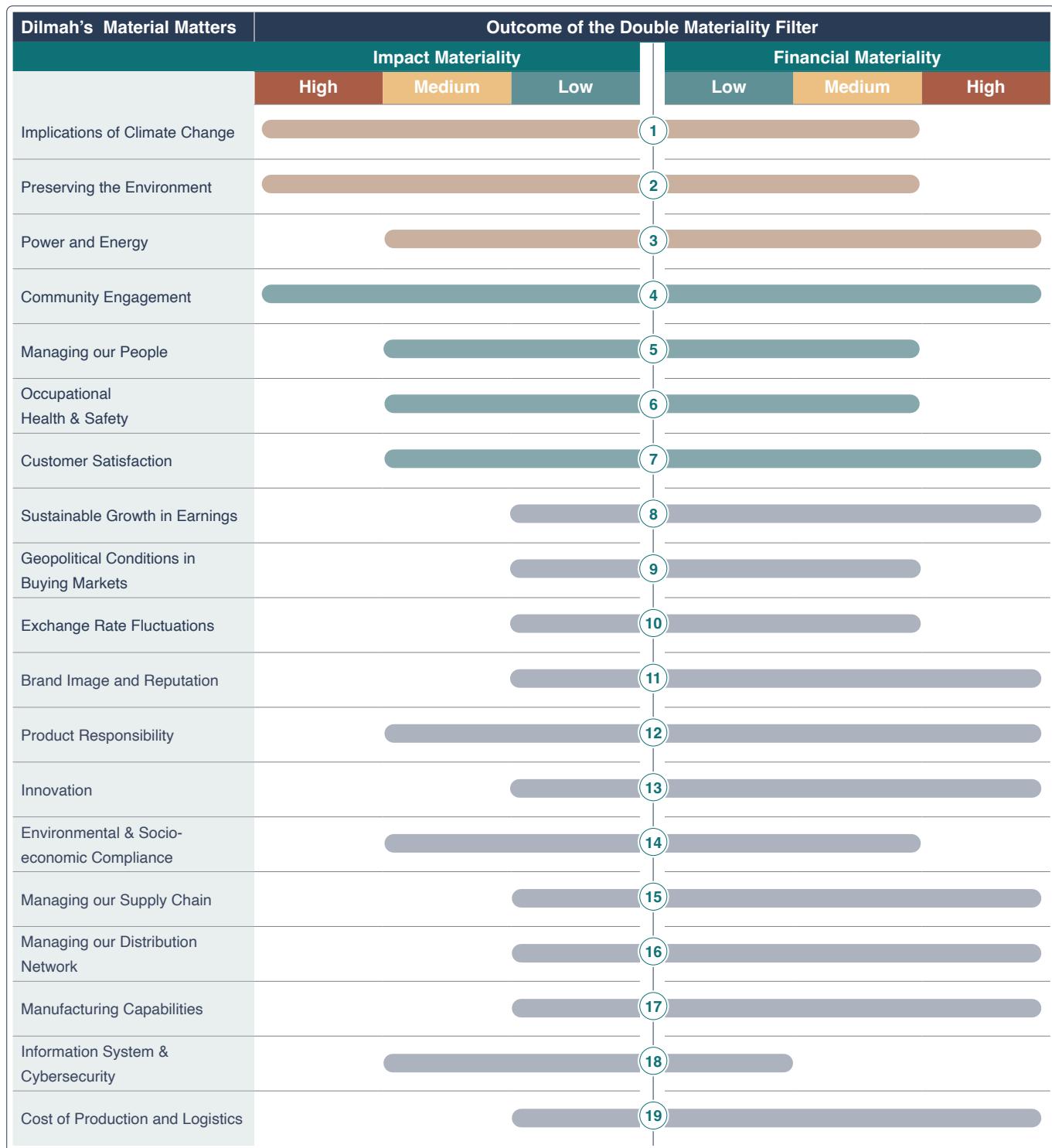
**GRI 3-1, 3-2, 3-3** The principle of Materiality plays a central role in guiding strategic decision-making, strengthening risk management, and upholding its founding commitment to ethics and sustainability. The annual materiality assessment serves as the primary tool for identifying and prioritising the most significant Material Topics that inform Dilmah's strategic planning process and ensure that the Company remains responsive to both stakeholder expectations and emerging sustainability trends. The latest materiality assessment confirmed the continued relevance of the 19 Material Topics identified in the previous financial year.

However, in response to the evolving external landscape and in alignment with best practices, Dilmah enhanced its materiality determination process by adopting the Double Materiality approach, assessing material topics through two distinct perspectives:

- **Impact Materiality:** Examining how Dilmah's operations, products, and value chain activities affect the environment, society, and the communities in which it operates.
- **Financial Materiality:** Assessing the potential implications of these same topics on the company's financial performance, long-term viability, and access to resources.

By integrating these dual lenses, Dilmah ensures a more holistic view of risk and opportunity. The approach supports the Company's continued efforts to align sustainability goals with corporate strategy and deepen its impact as a responsible and resilient business.





Environmental      Social      Governance

# MATERIAL TOPICS

Material Matter	Topic Boundary	GRI / SASB Relevance	Impact Materiality (Environmental and Social Impact)
1 Implications of Climate Change	Internal & External	Impacts business continuity and contributes to environmental outcomes GRI 201 GRI 302 GRI 305	Environmental – emissions, biodiversity loss, water stress
2 Preserving the Environment	Internal & External	Environmental stewardship through responsible resource use and biodiversity. GRI 301 GRI 302 GRI 303 GRI 304 GRI 306 SASB FB-NB-140a.1 SASB FB-NB-140a.2	Environmental – resource use, pollution, biodiversity
3 Power and Energy	Internal	Affects operational sustainability and cost control GRI 302 GRI 305 SASB FB-NB-130a.1	Environmental – carbon emissions, reliance on non-renewables
4 Community Engagement	External	Builds trust and drives inclusive socio-economic development GRI 413	Social – local development, inclusive growth
5 Managing our People	Internal	Addresses employee wellbeing, retention, and development GRI 202 GRI 401 GRI 402 GRI 404 GRI 405 GRI 406 GRI 407 GRI 408 GRI 409	Social – workforce wellbeing, equity, retention
6 Occupational Health & Safety	Internal	Ensures safe working conditions and mitigates workplace hazards. GRI 403	Social – safe work conditions, legal duty of care
7 Customer Satisfaction	External	Reflects consumer experience and drives brand loyalty N/A	Social – service quality, consumer voice
8 Sustainable Growth in Earnings	Internal	Supports long-term business viability and shareholder value GRI 201	Governance – financial sustainability, shareholder value
9 Geopolitical Conditions in Buying Markets	External	Influences market access, demand, and trade dynamics N/A	Governance – political and trade stability

	Financial Materiality		Management Approach	Link to Strategy and Resource Allocation through Capitals	
	Risks	Opportunities		Strategy	Capitals
Supply chain disruption, carbon tax, climate-linked operational delays	Renewable energy adoption, emissions reduction incentives, green brand positioning	Implement adaptive and mitigation strategies including emissions reduction and reforestation	Environment, Sustainability & Governance	NC	
Fines for non-compliance, reputational damage	Eco-efficiency, product differentiation, long-term resource security	Implement nature-positive actions through conservation, reforestation, and biodiversity protection.	Environment, Sustainability & Governance	NC	
High operational costs, energy price volatility, blackouts	Energy savings, RE deployment, net metering benefits	Invest in renewable energy and energy efficiency across operations to reduce carbon footprint	Operational Excellence Environment, Sustainability & Governance	NC	
Loss of social license to operate, community opposition	Brand loyalty, access to local resources, community-led innovations	Foster inclusive development through partnerships, outreach programmes, and livelihood support	Environmental & Socio-economic Compliance	S&RC	
Low morale, high attrition, productivity losses	Talent attraction, employer brand equity, enhanced productivity	Promote employee well-being, diversity, and growth through equal opportunities and training	Operational Excellence Empowered Workforce	HC	
Legal liability, lost-time incidents, insurance premiums	Productivity, employee engagement, reduced absenteeism	Ensure a safe and compliant work environment through robust health and safety systems	Operational Excellence Empowered Workforce	HC	
Revenue decline, loss of repeat customers	Loyalty, word-of-mouth, upselling potential	Continuously improve products and services through feedback, quality control, and innovation	Global Market Leadership Operational Excellence Environment, Sustainability & Governance	IC S&RC	
Profit volatility, weak margins, investor dissatisfaction	Long-term value creation, investor confidence, business resilience	Drive long-term financial resilience through strategic investments and operational excellence	Global Market Leadership	FC MC IC	
Trade barriers, market access issues, currency volatility	Market diversification, localisation opportunities	Monitor market trends and diversify risk exposure through adaptive sales strategies	Global Market Leadership	FC S&RC	

# MATERIAL TOPICS

<b>Material Matter</b>	<b>Topic Boundary</b>	<b>GRI / SASB Relevance</b>	<b>Impact Materiality (Environmental and Social Impact)</b>	
<b>10 Exchange Rate Fluctuations</b>	Internal	Affects financial performance and pricing strategies	N/A Governance – macroeconomic impact on financial reporting	
<b>11 Brand Image and Reputation</b>	Internal & External	Influences reputation, consumer trust, and competitive advantage	N/A Social/Governance – reputation, consumer trust	
<b>12 Product Responsibility</b>	Internal & External	Ensures ethical production, quality assurance, and consumer safety	GRI 416 GRI 417 SASB FB-NB-260a.1 SASB FB-NB- 260a.2 SASB FB-NB-270a.1 SASB FB-NB-270a.2 SASB FB-NB-270a.3 SASB FB-NB-270a.4 SASB FB-NB-410a.1 SASB FB-NB-410a.2	Governance – ethical marketing, health & safety
<b>13 Innovation</b>	Internal	Drives competitive advantage and future-readiness through R&D	N/A Governance – future readiness, adaptability	
<b>14 Environmental &amp; Socio-economic Compliance</b>	Internal & External	Compliance with laws and standards to avoid environmental and social penalties	N/A Governance – legal and ethical operations	
<b>15 Managing our Supply Chain</b>	External	Ensures ethical sourcing and responsible vendor relationships	GRI 204 GRI 408 GRI 409 SASB FB-NB-430a.1 SASB FB-NB-440a.1 SASB FB-NB- 440a.2 Governance – ethical sourcing, emissions	
<b>16 Managing our Distribution Network</b>	External	Impacts product availability and customer reach	N/A Governance – transport emissions, logistical transparency	
<b>17 Manufacturing Capabilities</b>	Internal	Determines operational efficiency and product consistency	N/A Governance – capacity and capabilities	
<b>18 Information System &amp; Cybersecurity</b>	Internal	Protects data integrity, privacy, and operational continuity	GRI 418 Governance – data protection, business continuity	
<b>19 Cost of Production and Logistics</b>	Internal & External	Impacts profit margins and supply chain efficiency	GRI 201 SASB FB-NB-110a.1 Governance – operational efficiency, competitiveness	

	Financial Materiality		Management Approach	Link to Strategy and Resource Allocation through Capitals	
	Risks	Opportunities		Strategy	Capitals
Cost inflation, margin erosion, foreign exchange losses	Hedging strategies, currency gain from exports	Employ hedging and currency risk mitigation mechanisms to maintain financial stability	Global Market Leadership	FC	
Loss of brand equity, negative press, consumer churn	Premium pricing, brand expansion, new customer segments	Strengthen brand equity through purpose-driven storytelling, ethical practices, and innovation	Global Market Leadership Operational Excellence Environment, Sustainability & Governance	IC S&RC NC	
Product recalls, litigation, reputational damage	Consumer trust, market access, regulatory alignment	Uphold consumer trust by ensuring safety, transparency, and responsible product labelling	Global Market Leadership Operational Excellence Environment, Sustainability & Governance	S&RC NC	
Obsolescence, R&D waste, lagging behind competitors	Competitive advantage, first-mover advantage, IP generation	Invest in R & D to drive continuous improvement and experimentation across all business verticals	Global Market Leadership Operational Excellence	MC IC S&RC	
Regulatory sanctions, operational halts, loss of license	Enhanced stakeholder trust, cost avoidance	Maintain strict compliance with local and global ESG regulations through monitoring and reporting	Operational Excellence Environment, Sustainability & Governance	IC S&RC NC	
Supplier non-compliance, reputational risks, supply bottlenecks	Supply chain resilience, traceability, shared value creation	Build transparent and ethical supply chains through due diligence, audits, and partnerships	Operational Excellence Environment, Sustainability & Governance	S&RC NC	
Distribution delays, cost overruns, inefficiencies	Market reach, efficiency gains, last-mile innovation	Optimise logistics to ensure efficiency, timely delivery, and minimal environmental impact	Operational Excellence Environment, Sustainability & Governance	S&RC	
Downtime, inefficiency, quality failures	Productivity, scalability, process innovation	Enhance productivity and quality through lean processes, automation, and skilled workforce	Global Market Leadership Operational Excellence	MC	
Data breaches, regulatory fines, reputational loss	Digital trust, operational resilience, competitive intelligence	Safeguard digital infrastructure with modern cybersecurity protocols and continuous system upgrades	Operational Excellence	MC S&RC	
Margin compression, inefficiency, rising input costs	Cost leadership, lean manufacturing, logistics optimisation	Control input and operational costs through process optimisation and strategic sourcing	Operational Excellence	FC MC	

# SUSTAINABILITY AT DILMAH

GRI 2-9, 2-12, 2-13, 2-23, 2-24



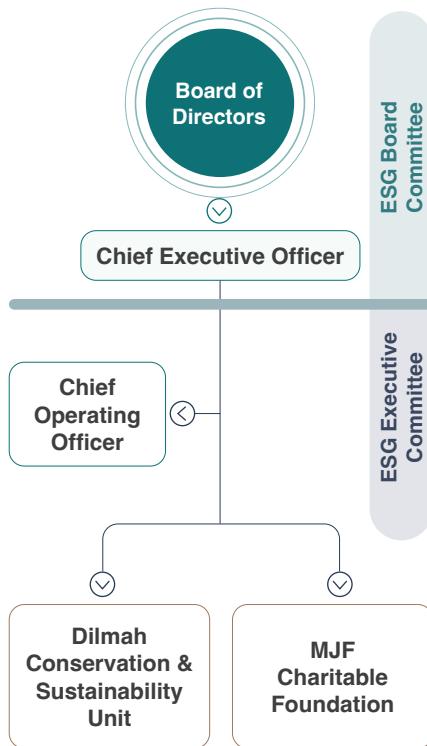
## PURPOSE-LED ACTION

Dilmah Ceylon Tea Company's approach to sustainability is anchored by its founding values of Taste, Goodness, and Purpose.

These values are embodied in the Company's Beyond Business philosophy, which recognises that the true value of a brand lies not only in the excellence of its

products but also in the positive impact it generates for people and the planet. Despite severe economic conditions in its home country and ongoing challenges in global markets, Dilmah has continued to sustain its operations and profitability while maintaining a strong, positive influence on the environment and society. This has been achieved through a steadfast commitment to sustainable practices — minimising environmental impact, upholding social responsibility, and adhering to the highest ethical business standards.

This integrated approach is governed by Dilmah's Environmental Management Policy and ESG Policy, which jointly define the parameters of its Sustainability Strategy. Structured around seven strategic pillars and 29 focus areas, this strategy is underpinned by Dilmah's founding philosophy that "Business is a Matter of Human Service."



## ESG GOVERNANCE FRAMEWORK



ESG Policy

The ESG policy outlines Dilmah's approach to identifying, measuring, monitoring, and managing its environmental and social impacts by promoting integrated thinking and optimising resource allocation to ensure financial stability and sustainable growth in the short, medium, and long term. A comprehensive policy framework is in place for governing various aspects of the organisation.



## **Environment Policy**

Dilmah Tea's Environmental Policy commits to environmental protection as part of its ethical mission.

The company aims to prevent pollution, comply with environmental laws, and continually improve its operations' impact. It promotes sustainability with suppliers and customers while ensuring a safe and inclusive workplace for its employees.



## PURPOSE



Along with our EMS (ISO14001:2015) certification, we hold several other certifications that reflect our commitment to environmental standards:

- Environmental Protection License (EPL)
  - ISO 14064-1:2018 and ISO 14046: 2014

Ethical Sourcing and Responsible Operations Related Certifications

- Rainforest Alliance Chain of Custody Certification
  - SMETA SEDEX Members Ethical Trade Audit



SMETA

## Sustainability Strategy with 7 pillars across 29 elements

<b>CORPORATE GOVERNANCE</b>		<b>EMPLOYEE EMPOWERMENT</b>	
<b>G1</b> Board Oversight		<b>E1</b> Training and Development	
<b>G2</b> Management Accountability		<b>E2</b> Diversity, Equity, Inclusion	
<b>G3</b> Corporate Policies and Management Systems		<b>E3</b> Sustainable Lifestyles	
<b>G4</b> Materiality Assessment		<b>E4</b> Employee Benefits	
<b>G5</b> Public Policy		<b>E5</b> Employee Health and Safety	
<b>RESPONSIBLE OPERATIONS</b>		<b>STAKEHOLDER ENGAGEMENT</b>	
<b>R1</b> Climate Mitigation and Adaptation		<b>S1</b> Consumer Engagement	
<b>R2</b> Facilities, Buildings and Machineries		<b>S2</b> Strategic Collaboration	
<b>R3</b> Sustainable Transportations & Logistics		<b>S3</b> Engagement of Merchants & Ambassadors	
<b>R4</b> Safeguard Natural Ecosystems		<b>S4</b> Platforms for Stakeholder Dialogue	
<b>R5</b> Water Management		<b>S5</b> Sustainability Advocacy Beyond Business Boundaries	
<b>R6</b> Waste Reduction			
<b>R7</b> Human Rights			
<b>R8</b> Development Interventions for a better society Development			
<b>SUPPLY CHAIN SUSTAINABILITY</b>		<b>PRODUCT AND SERVICES</b>	
<b>SC1</b> Policies and Codes		<b>P1</b> Product Design and Packaging Innovations	
<b>SC2</b> Practices		<b>P2</b> Business Model Innovation, R&D and Capital	
<b>SC3</b> Supplier Engagement			
<b>SC4</b> Supplier Verification and Disclosure			
<b>DISCLOSURE AND VERIFICATION</b>			

### GOOD GOVERNANCE, TRANSPARENCY AND BUSINESS ETHICS

Dilmah is a family business built on a legacy of good governance, transparency, and business ethics. The founder established a dynamic value system that is enshrined in the company's policies, standards, and operational manuals, ensuring the sustainability of the business for future generations.

Dilmah has implemented robust Anti-Bribery and Corruption (ABC) Policy, Human Rights Policy, and Code of Ethics, fostering a strong sense of responsibility to remain

transparent and ethical in all aspects of the business.

All of Dilmah's stakeholders—including the management team, employees, suppliers, and customers—are dedicated to upholding high standards of integrity, business ethics, transparency, and honesty in business operations.

Performance monitoring measures and reporting systems are in place to ensure compliance with relevant policies, procedures, and controls. Continuous review of these policies for suitability, adequacy, and effectiveness ensures their ongoing relevance and comprehensiveness.

Dilmah also provides a safe environment for reporting unethical behaviour and violations through established whistleblowing mechanisms.

Dilmah was among the five companies ranked first in the Transparency in Corporate Reporting (TRAC) assessment conducted by Transparency International Sri Lanka (TISL) in 2023.

### SUSTAINABILITY AT THE HEART OF OUR OPERATIONS

The company is committed to creating enduring value by embedding sustainability at the core of its operations. The founder's vision of establishing a truly sustainable tea industry that benefits both people and the planet is deeply ingrained in Dilmah's ethos and organisational culture. The MJF Charitable Foundation (MJFCF) and Dilmah Conservation serve as the company's dedicated philanthropic and environmental branches. Primarily funded by the company, MJFCF and Dilmah Conservation undertake humanitarian and environmental sustainability initiatives across the island.

# SUSTAINABILITY AT DILMAH

## KEY SUSTAINABILITY INITIATIVES

### 2024/25

#### Employees:

In 2024/25, the Group remained committed to enhancing employee health, wellbeing, and overall workplace experience.

Launch of Vitalitea – a state-of-the-art Health Centre designed to support the physical and mental wellbeing of employees. This modern fitness facility is equipped with advanced gym equipment, BMI monitoring services, and dedicated fitness coaches, offering a revitalising space for employees to stay active and maintain a healthy work-life balance.

The refurbishment of the workplace enhanced the overall employee experience by creating a pleasant, comfortable, and modern environment. The upgrades incorporated the latest technologies and embraced the concept of shared workspaces, fostering collaboration, flexibility, and improved efficiency.

#### Supply chain:

The 3rd Supplier Conference - brought together suppliers of other key ingredients, logistics providers, and partners to address global sustainability regulations, climate change vulnerability and other crosscutting challenges and opportunities.

#### Community:

##### Small Entrepreneur Programme (SEP)

The Small Entrepreneur Programme (SEP) was established in the aftermath of the 2004 Indian Ocean tsunami to revive micro and small businesses.

SEP has since supported 2500+ small entrepreneurs through grants of a fixed sum per 'entrepreneur' in the form of equipment, networking opportunities and physical spaces for visibility. SEP is an inclusive programme that empowers diversity and supports different segments of micro and small entrepreneurs including female entrepreneurs, entrepreneurs with disabilities, new and emerging businesses and retirees. It was awarded the "Best Project" award at the Best Corporate Citizen Sustainability Awards 2024.

#### Dilmah Tea Fights to Eradicate Cervical Cancer

Dilmah Tea, through the Merrill J. Fernando Charitable Foundation, partnered with the Ministry of Health and the Rotary Club of Colombo to relaunch a national programme aimed at eliminating cervical cancer in Sri Lanka by 2030. As part of this effort, the MJF Foundation provided an initial grant of Rs. 75 million to support the purchase of test kits for early detection and treatment, with the goal of preventing around 800 avoidable cervical cancer deaths each year. On December 23, 2024, a total of 17,095 HPV DNA test kits were officially handed over to the Government of

Sri Lanka. An awareness session on cervical cancer was also held in collaboration with the Rotary Club and the Ministry of Health at Genesis.

#### Planet:

##### Validated SBTi Near Term and Net-zero Targets

Dilmah's science-based emissions reduction targets Near-Term, Long-Term, and FLAG were successfully validated by the Science Based Targets initiative (SBTi) during the reporting year. With this achievement, Dilmah became the first company in the Food and Beverage Processing sector in Sri Lanka to receive SBTi Net Zero target validation.

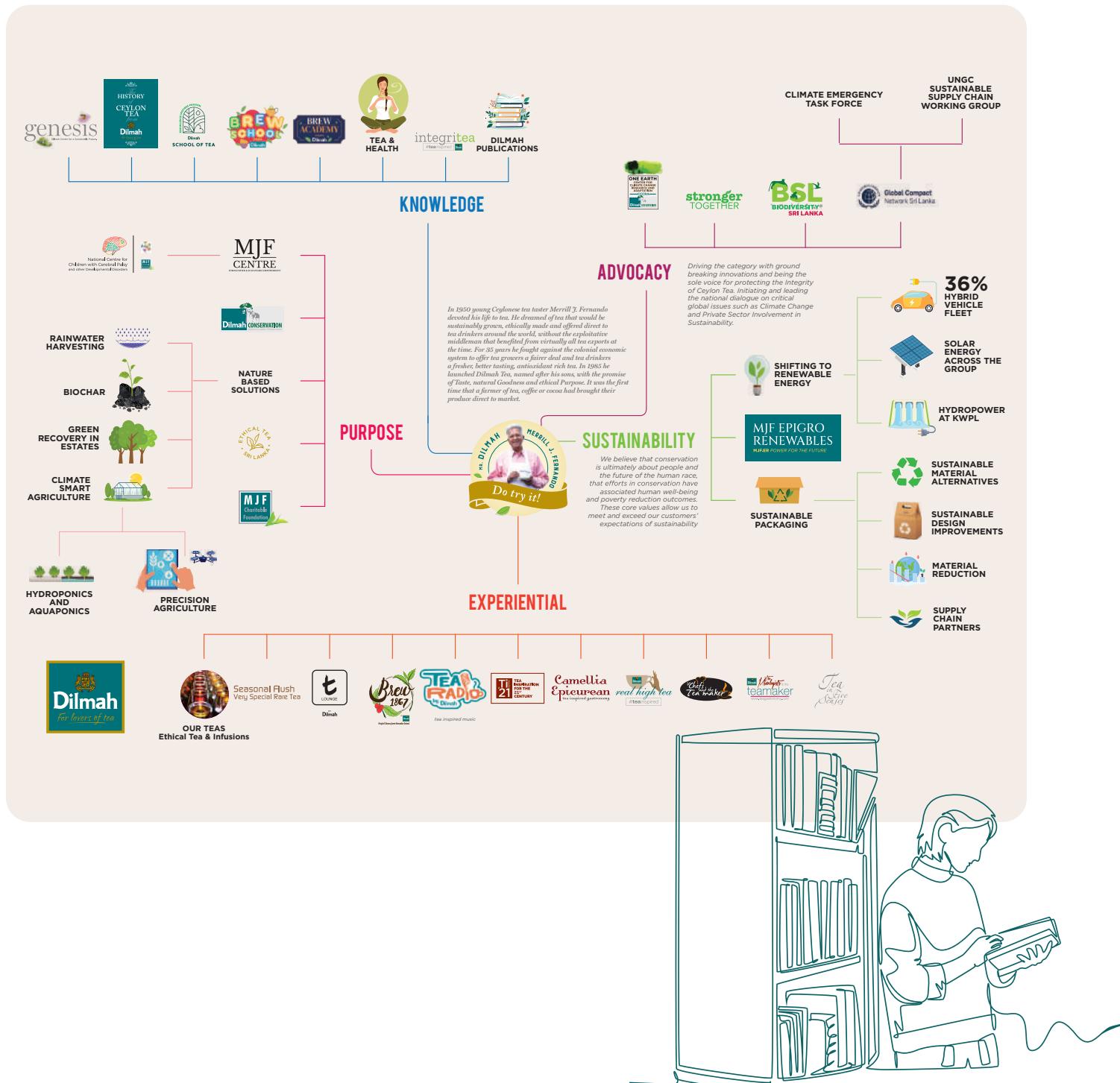
#### Rediscovering a Hidden Botanical Gem in Sri Lanka –

*Memecylon elegantulum* had been overlooked for decades, known only from limited material and previously treated as a synonym of *M. rostratum* in the Flora of Ceylon. Thanks to the dedicated fieldwork surrounding Dilmah's Endane Biodiversity Corridor project, its research team was able to confirm its distinct identity - validating it as a rare endemic angiosperms (flowering plants) of Sri Lanka.



## BRAND ECOSYSTEM APPROACH

Dilmah's Brand Ecosystem Approach represents a holistic and purpose-driven model that integrates commercial success with environmental stewardship and social responsibility. Rather than treating business functions in isolation, this approach recognises the interdependence of all stakeholders—employees, consumers, growers, suppliers, and the wider community—within a shared value system.



# SUSTAINABILITY AT DILMAH

ENVIRONMENT		SOCIAL
	④ Validated SBTi Near-Term and Net-zero Targets	
	④ 8% reduction in energy consumption ④ 250,350 kWh of Solar energy generation within the facility – equivalent to planting 2,929 Trees	Over 50,000 beneficiaries on community engagement
	④ 263 engineering improvement projects ④ 06 innovative research projects on sustainable packaging and product/process improvements	
	Over 2,700 beneficiaries on Environmental Education. ④ 17 publications on biodiversity and heritage conservation to encourage biodiversity and heritage conservation are made available at affordable prices	Over Rs. 75 Mn investment on enhancement of free, national healthcare facilities in Sri Lanka
	④ 86.4% of the waste Reused/Recycled/repurposed ④ 13.6% of the waste used for energy recovery	
	④ Conducted the first water footprint assessment for the company	351,963 Hrs training hours
	④ Supporting blue economy through mangrove restoration and marine conservation.	
	Endane Nature Corridor Wetland Conservation “Bee A Keeper” project Elephant Conservation at ETH Udawalawe	
	④ Third Supplier Partner conference under the Stronger Together initiative to educate suppliers on global regulations on sustainability	



## MANAGEMENT DISCUSSION & ANALYSIS

# Collaborations that **Enrich**

Our greatest impact comes from working hand in hand with partners who share our vision. By nurturing long-term relationships and responsibly managing our resources, we amplify our ability to enrich communities, uplift lives, and extend value beyond the boundaries of our business. It is through these collective efforts that we believe we hold the power to create enduring strength and meaningful change.



# OPERATING ENVIRONMENT

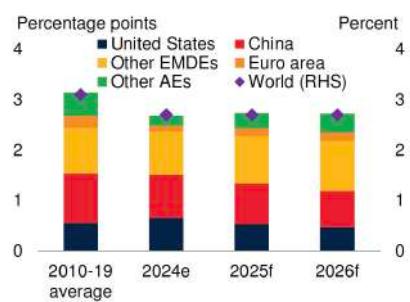
## GLOBAL ECONOMIC ROUNDUP 2024

In 2024, the global economy faced a marked deceleration, with growth easing to 2.4% from 2.6% in 2023, denoting the third consecutive year of slowing momentum. The downturn was driven by a confluence of factors, including entrenched inflationary pressures, persistently high interest rates, geopolitical instability, and muted investment sentiment.

Growth particularly in advanced economies, moderated further, although the United States remained a notable outlier, posting an estimated 2.7% growth, supported by resilient consumer spending and a buoyant labour market. In contrast, the Euro Area's growth remained sluggish at 0.8%, weighed down by weak external demand and continued volatility in energy markets, stemming largely from the protracted Russia-Ukraine conflict. Japan also saw a decline in growth, which slowed to 0.9%, reflecting persistent structural constraints and subdued domestic demand.

Emerging markets and developing economies (EMDEs) fared relatively better, with projected growth of 3.9%. However, recovery in these economies remained uneven and constrained by high debt burdens, and heightened exposure to external shocks particularly those linked to climate change and

### A. Contributions to global growth

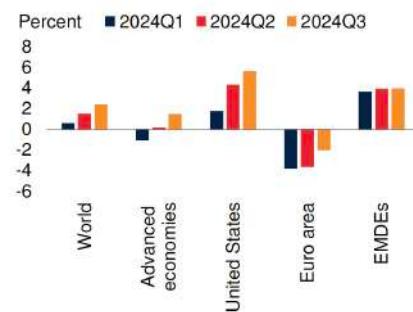


regional conflicts. Despite these headwinds however it appears that EMDEs are now playing an increasingly important role in sustaining global economic momentum.

## GLOBAL TRADE MOVEMENTS

Global trade remained lacklustre in 2024, continuing the downtrend observed in recent years. According to estimates by the World Trade Organisation (WTO), the volume of world merchandise trade grew by less than 1%, marking one of the weakest performances in over a decade. The underperformance was driven by a convergence of structural and cyclical headwinds that disrupted trade flows and dampened global demand.

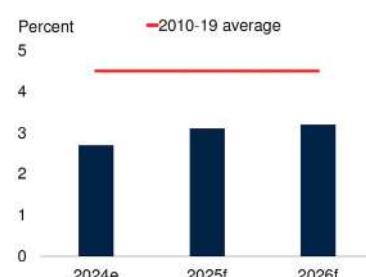
### A. Goods trade growth



Key among these were the persistent geopolitical tensions, most notably the prolonged Russia-Ukraine conflict and rising friction between major trading blocs, which led to increased trade fragmentation. These developments not only heightened uncertainty but also prompted a strategic reconfiguration of supply chains, with many countries accelerating efforts towards nearshoring critical production capabilities. As a result, there was a notable deceleration in cross-border investment and intermediate goods trade, particularly in industries heavily dependent on global value chains, such as electronics, automotive, and textiles.

Additionally, the resurgence of protectionist trade policies in certain regions, including higher tariffs, export restrictions, and regulatory barriers, further constrained trade expansion. These inward-looking policies undermined multilateral trade frameworks, creating a more fragmented and unpredictable trading environment.

### D. Global trade growth



## INFLATION TRENDS

Global inflation rates declined significantly due to tighter monetary policies, the gradual resolution of pandemic-era supply chain disruptions, and falling energy and food prices. However, inflation did not retreat uniformly across regions, and central banks worldwide were compelled to navigate a delicate balancing act between supporting economic recovery and safeguarding price stability.

In advanced economies, headline inflation showed clearer signs of moderation. The United States, for instance, brought inflation close to its 2% target through a combination of sustained interest rate hikes by the Federal Reserve and cooling demand conditions. The Euro Area also experienced a decline in inflation, albeit at a slower pace, as energy price volatility subsided and wage pressures began to stabilise. Japan, in contrast, continued to battle low inflation momentum, underscoring structural deflationary tendencies in its economy despite moderate wage growth.

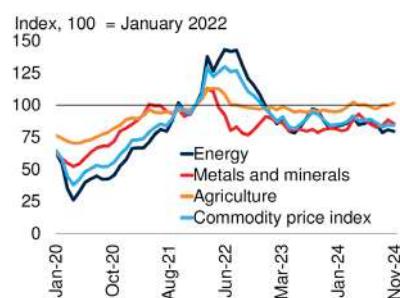
By contrast, inflation in many EMDEs remained elevated due to a combination of factors, including currency weakening against the US dollar, in turn pushing up energy and food import costs, especially for net-importing countries.

### PERFORMANCE OF COMMODITY MARKETS

Commodity markets in 2024 were shaped by cyclical easing and persistent structural challenges. Energy prices, particularly crude oil, trended downward over the year, with Brent crude averaging around USD 80 per barrel, largely driven by a combination of relative oversupply, moderating global demand, and strategic production adjustments by key oil-exporting countries. Despite this softening, volatility persisted due to geopolitical uncertainties and shifting OPEC+ dynamics.

Global food prices also recorded a notable decline of approximately 8.5%, offering some relief to consumers and alleviating pressure on inflation in food-importing nations. The easing in food prices was underpinned by improved harvests in key producing regions and stabilising global logistics networks. However, the overall commodity price index remained nearly 30% above pre-pandemic levels, underscoring the enduring impact of climate-related disruptions, geopolitical tensions, and structural inefficiencies in global supply chains.

#### A. Commodity price indexes, monthly



### GLOBAL OUTLOOK FOR 2025

The global economic outlook for 2025 indicates signs of stabilisation but is expected to be overshadowed by escalating trade tensions and an alarming increase in geopolitical instability in recent months.

According to the World Bank's Global Economic Prospects (January 2025), global growth is projected to remain steady at 2.7% in both 2025 and 2026, indicating a normalisation of economic activity at a lower trajectory than the pre-pandemic average. This signals a transition into an era of modest, but stable expansion. Growth in advanced economies is forecast to moderate to 1.5%, weighed down by subdued domestic demand and tightened financial conditions. In contrast, emerging market and developing economies (EMDEs) are expected to maintain momentum with projected growth of approximately 4%, supported by resilient consumption and gradual structural reforms. On the inflation front, global price pressures are expected to ease gradually in 2025, but remain elevated compared to pre-pandemic levels creating a conducive environment for central banks to consider interest rate adjustments that support investment and growth, without compromising inflation control.

Notably, a major source of downside risk to the global outlook stems from the United States' implementation of steep tariff increases in March 2025, raising rates up to 145% on Chinese imports and imposing significant duties on other key trading partners. These protectionist measures are expected to trigger a sharper contraction in global trade, and cause severe disruptions to global supply chains. Moreover with bilateral trade between the U.S. and China expected to deteriorate sharply, forecasts point to a potential collapse in volumes that could

have long-term implications for global economic integration.

In response, several economies are expected to focus on diversifying trade partnerships to reduce dependence on traditional trade corridors. The United Kingdom and India have finalised new trade agreements, while the European Union is actively pursuing regional agreements to bolster its economic resilience, collectively signalling a fundamental realignment in global trade architecture and rewriting the global commerce trajectory in the years to come.

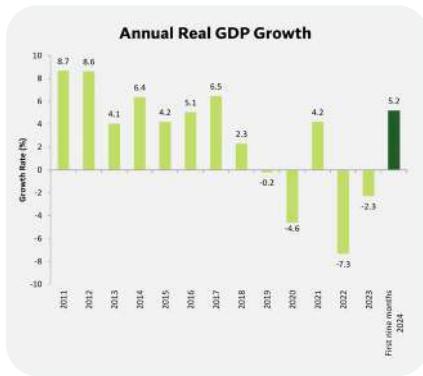
### SRI LANKA'S ECONOMIC PERFORMANCE 2024

Sri Lanka's economy demonstrated a strong resurgence in 2024, marking a significant milestone in its post-crisis recovery trajectory. Economic growth for the first nine months of the year accelerated to an impressive 5.2%, surpassing the Central Bank's conservative forecast of 3%, while full year GDP growth stood at 5%, the highest recorded in seven years, a clear sign of renewed economic momentum and increasing investor confidence.

Recovery was underpinned by robust performance across several key sectors. The industrial sector experienced a notable revival, supported by an uninterrupted energy supply and a rebound in domestic demand. The tourism sector also gained substantial ground, benefiting from improved political stability and strategic destination marketing efforts. Meanwhile, the services sector, particularly IT and business process outsourcing, expanded steadily, fuelled by favourable exchange rate dynamics and rising global demand for remote services. The country's macroeconomic stability was further reinforced by the successful

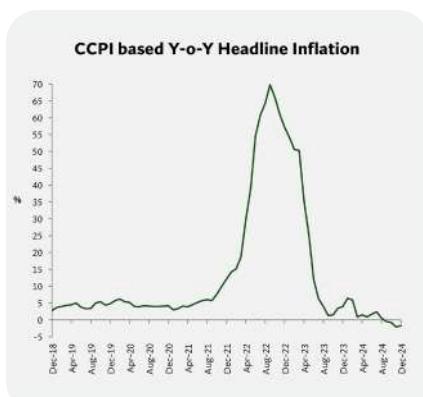
# OPERATING ENVIRONMENT

implementation of a \$2.9 billion Extended Fund Facility from the International Monetary Fund (IMF) in March 2023, and the landmark completion of a \$25 billion external debt restructuring agreement in December 2024. Collectively, these developments signal a turning point for Sri Lanka, laying the groundwork for sustained economic growth and fiscal consolidation.



## INFLATION

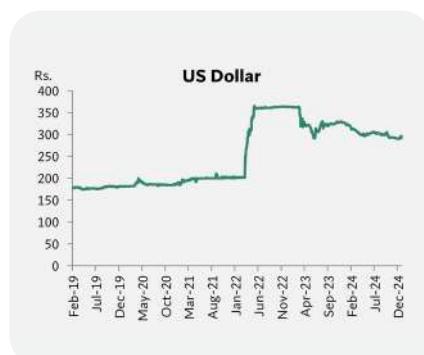
Inflationary conditions in Sri Lanka eased substantially in 2024, marking a dramatic shift from the peak levels recorded in 2022. Having reached a high of 64% in 2022, inflation declined to just 0.5% by August 2024, before moving into deflationary territory at -1.7% by December and then stabilising within the target levels by March 2025. Rapid disinflation throughout the year helped alleviate cost pressures on both households and businesses and



proved vital in supporting a recovery in real incomes and restoring purchasing power. The decline in inflation was also instrumental in strengthening consumer confidence and fuelling domestic demand, thereby reinforcing the broader economic recovery.

## EXCHANGE RATE

The LKR appreciated steadily throughout 2024, supported by stronger macroeconomic fundamentals and improved investor sentiment alongside improved foreign exchange reserves and sustained inflows from tourism and worker remittances. In a move to further stabilise monetary conditions, the Central Bank introduced a unified policy interest rate of 8% in November 2024. This strategic measure played a pivotal role in anchoring inflation expectations, supporting the currency, and enhancing the attractiveness of Sri Lanka as an investment destination.

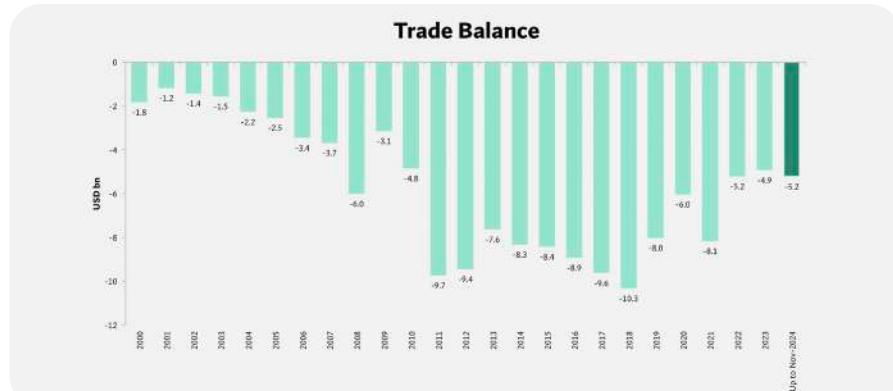


## BALANCE OF TRADE

Sri Lanka's trade deficit narrowed in 2024, reflecting a favourable shift in external sector dynamics. Export performance improved amid a gradual recovery in global demand and the competitive advantage of a relatively weaker rupee, which supported increased foreign earnings. At the same time, import expenditure moderated on the back of lower global commodity prices and ongoing restrictions on vehicle imports, contributing to a more balanced external trade position. This rebalancing played a crucial role in strengthening the country's current account and reinforcing external sector stability.

## OUTLOOK FOR THE SRI LANKAN ECONOMY FOR 2025

The outlook for Sri Lanka's economy in 2025 reflects cautious optimism with early projections by the Central Bank of Sri Lanka (CBSL) suggesting that GDP growth is set to exceed 3% supported by the continuation of fiscal and monetary reforms under the International Monetary Fund (IMF) programme, ongoing infrastructure investments, and the gradual restoration of investor confidence.



Sri Lanka's growth trajectory is also likely to benefit from improved foreign exchange reserves, greater currency stability, and the sustained rebound in tourism and remittances. Additionally, the completion of external debt restructuring in December 2024 has created a more stable financial environment, allowing greater fiscal space for developmental spending and investment in growth-enabling sectors.

However, the Country remains exposed to a range of external vulnerabilities, key among them are rising geopolitical tensions and an increasingly protectionist global trade environment. The introduction of new U.S. tariffs in March 2025, particularly on goods originating from Asia, could undermine the competitiveness of Sri Lanka's export sectors in key Western markets.

To mitigate these challenges, Sri Lanka will need to aggressively diversify its export portfolio and expand access to non-traditional markets, while simultaneously working to strengthen bilateral and regional trade agreements, enhance ease of doing business, and attract greater foreign direct investment (FDI) over the medium to long term.

#### **GLOBAL TEA MARKET**

The global tea market continues to expand steadily. The total global tea market was anticipated to reach USD 20.4 billion in 2024, with growth expected to continue at a CAGR of 5.7% through to 2034. This upward trajectory underscores the sustained global appetite for tea. The global tea bags segment, which was valued at USD 6.1 billion in 2021, is projected to double, reaching USD 12.9 billion by 2031. Black tea continues to dominate this segment, driven by a growing consumer base and increased awareness of its health benefits. With sales of black tea bags expected to grow from USD 1.7 billion in 2021 to USD 2.7

billion by 2031, the category remains a critical volume driver.

Likewise, consumer preferences towards value-added teas such as wellness infusions, premium blends, and ready-to-drink (RTD) formats are expected to grow exponentially over the next 5 to 10 years, reflecting a broader shift towards convenience, health-consciousness, and lifestyle alignment, particularly among millennial and Gen Z consumers.

The commercial segment, which includes hotels, restaurants, and food service operators, is also projected to grow substantially, from USD 2.2 billion in 2021 to USD 5.1 billion by 2031, denoting a CAGR of 8.6%. This growth is driven by the rebound of out-of-home consumption post-pandemic and increasing demand for premium tea experiences in hospitality settings.

Against the backdrop of rapidly evolving consumer preferences, competition is set to intensify globally and continued success of brands will hinge on their ability to deliver differentiated offerings, and in particular sustainability-driven storytelling. In this environment, heritage brands like Dilmah, with its deep-rooted values of taste, goodness and purpose, is well-positioned to lead through innovation while retaining consumer trust.

#### **PERFORMANCE AND PROSPECTS FOR SRI LANKA'S TEA INDUSTRY**

Once globally renowned for its unique terroir and quality, Sri Lanka's tea industry has seen its dominance eroded in recent years owing to a combination of internal policy missteps and external market dynamics. Poorly implemented restrictions on chemical fertiliser, compounded by adverse climate-related impacts, have severely impacted tea yields. As a result, international buyers and global tea brands are shifting towards alternative origin teas that offer

**The global tea market continues to expand steadily. The total global tea market was anticipated to reach USD 20.4 billion in 2024, with growth expected to continue at a CAGR of 5.7% through to 2034**

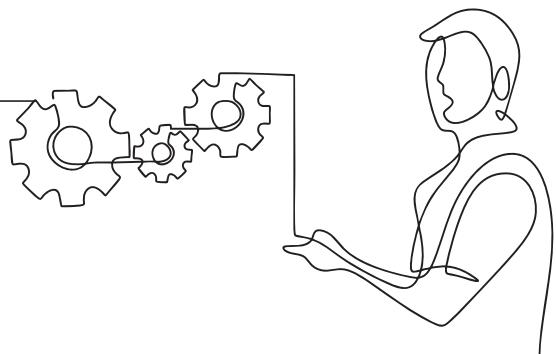
cost advantages and consistent supply. In response, even local exporters have been compelled to establish operations overseas, raising concerns about the dilution of Ceylon Tea's identity.

While the recent depreciation of the Sri Lankan rupee provided a short-term uplift to local tea prices, and global supply constraints allowed for opportunistic price hikes, this windfall may prove unsustainable. From a global buyer's perspective, Ceylon Tea has become increasingly expensive, particularly in USD terms, making it less attractive to price-sensitive, high-volume markets such as the Middle East and Russia.

In this context, the long-term viability of Sri Lanka's tea sector rests on its ability to differentiate through quality, ethical sourcing, and value addition. Branding, storytelling, sustainability, and origin authenticity will be crucial levers. Furthermore, government support through bilateral trade agreements and industry-wide quality assurance will be essential to retain global market share. For a brand like Dilmah, which has always positioned itself on the platform of authenticity, integrity, and purpose, this evolving landscape presents a unique opportunity to lead from the front in shaping the future of Ceylon Tea.

# OPERATING ENVIRONMENT

Managing Impacts - Leveraging Dilmah's Strengths and Mitigating Weaknesses		
Identified Opportunity / Threat	Dilmah's Strength / Weakness	Key Priorities for the Future
<b>Growing global demand for tea bags and premium infusions</b>	Strength: Established global brand with premium positioning and further supported by high quality in-house R & D	Scale innovation in health-focused blends and sustainable tea bags (biodegradable, plastic-free) for retail and HoReCa channels
<b>Rapid growth in out-of-home consumption (commercial segment)</b>	Strength: Strong relationships with global hospitality brands and chefs	Expand HoReCa partnerships with experiential tea offerings and Tea Gastronomy programmes
<b>Shift toward cheaper multi-origin teas by global players</b>	Weakness: Exclusively single-origin Ceylon tea model raises cost competitiveness	Reinforce value proposition through ethical sourcing, origin traceability, and premium quality storytelling
<b>Elevated price sensitivity in key markets</b>	Weakness: Relatively higher price point in bulk and mass market categories	Expanding the product portfolio through the integration of affordable luxury lines and exploring diverse pricing strategies tailored for emerging middle-income consumer segments
<b>Climate risk and impact on supply chain stability</b>	Strength: Dilmah Conservation's leadership in environmental stewardship	Research and innovation to prioritise sustainable packaging solutions; invest in climate-resilient varietals and cultivation techniques
<b>Erosion of Sri Lanka's market share in tea exports</b>	Weakness: External production relocation by competitors threatens Ceylon origin positioning	Drive origin pride through global campaigns, advocate GI protection, and strengthen local production capacity
<b>Government policy uncertainty</b>	Weakness: Lack of consistent national support for the value added tea sector	Advocate industry reform through Tea Exporters' Association; support bilateral trade and lobbying for improved industry policy
<b>Growth of ethical and sustainability-focused consumer segments</b>	Strength: Brand built on "Taste, Goodness, Purpose" supported by an ESG-aligned business model	Leverage ESG credentials in global marketing; align MJF Foundation and Dilmah Conservation stories with customer expectations
<b>Increased consolidation in global tea brands</b>	Weakness: Limited scale relative to multinational conglomerates	Focus on differentiation through authenticity, sustainability, and provenance rather than volume



# MANAGING RISKS AND OPPORTUNITIES

## DILMAH'S APPROACH TO MANAGING RISKS AND OPPORTUNITIES

Dilmah recognises that effective risk and opportunity management is essential for sustaining long-term value creation and ensuring resilience in an evolving external environment. The overarching objectives of Dilmah's risk and opportunity management process are:

- Safeguard business continuity by mitigating potential threats to operations, reputation, financial health, and regulatory compliance
- Support strategic decision-making through a sound understanding of risks and opportunities across functions and geographies
- Enhance stakeholder confidence by demonstrating a disciplined and transparent approach to managing uncertainties
- Enable agility and innovation by identifying emerging trends

and opportunities in the market, regulatory, environmental, and social landscape

- Strengthen corporate governance through consistent oversight, accountability, and alignment with the Company's risk appetite

Essentially, the EROM framework aims to ensure Dilmah remains resilient and responsive to change by creating a firm foundation to safeguard current operations as well as strategically position the Company to thrive in a competitive and dynamic business environment.

## ENTERPRISE RISK AND OPPORTUNITY MANAGEMENT (EROM) FRAMEWORK

Dilmah has adopted the Enterprise Risk and Opportunity Management (EROM) framework to systematically manage risks and opportunities across all levels of the organisation. This framework is based on global best practices and tailored to suit the Company's unique operational context and stakeholder environment and allows Dilmah to anticipate, assess, and respond to uncertainties that may affect its ability to achieve its objectives, while also identifying and leveraging opportunities for innovation, growth, and sustainability.

As part of the ongoing enhancement of the EROM framework, Dilmah adopted the COSO (Committee of Sponsoring Organisations) framework starting from the current financial year. In line with COSO framework, a comprehensive Process Risk Assessment was conducted followed by the establishment of a formal Risk Register to prioritise key risks based on probability, impact and overall risk score. Subsequently, a risk heat map was developed to visualise the areas of focus and to support decision-making. Additionally, new risk monitoring mechanisms were also introduced, including the integration of Enterprise Risk and Opportunity Management (EROM) with continuous internal audits.

### Risk Assessment

A systematic approach to identifying, analysing, and evaluating risks that may impact the Group's ability to achieve its objectives



### Risk Identification

The process of recognising and defining both potential threats and opportunities that could affect strategic and operational goals



### Risk Analysis

Involves assessing the sources, likelihood, consequences, and existing controls of identified risks to determine their significance



### Risk Evaluation

Entails comparing analysed risks against established criteria to prioritise them and determine appropriate responses



### Risk Treatment

The selection and implementation of measures such as mitigation, transfer, acceptance, or avoidance to address identified risks



### Monitoring and Review

Ongoing evaluation of the risk management process to ensure effectiveness and to incorporate improvements as necessary



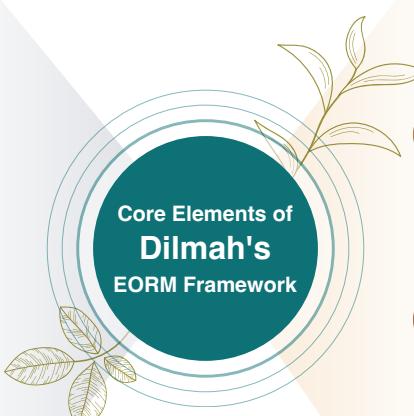
### Recording and Reporting

The documentation and communication of risk-related activities to enhance governance, transparency, and accountability



### Communication and Consultation

Continuous engagement with stakeholders to ensure shared understanding and support for risk-related decisions

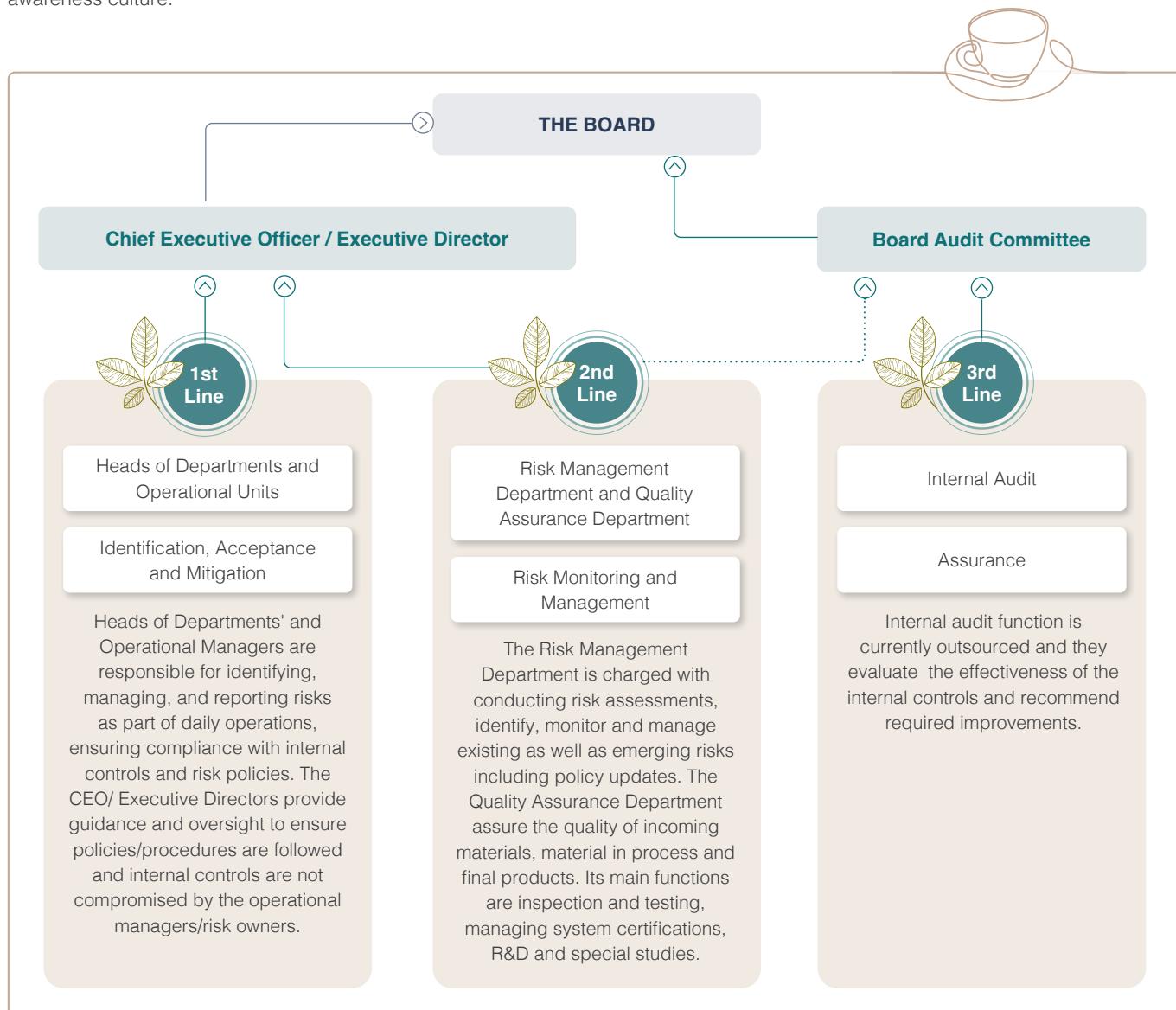


# MANAGING RISKS AND OPPORTUNITIES

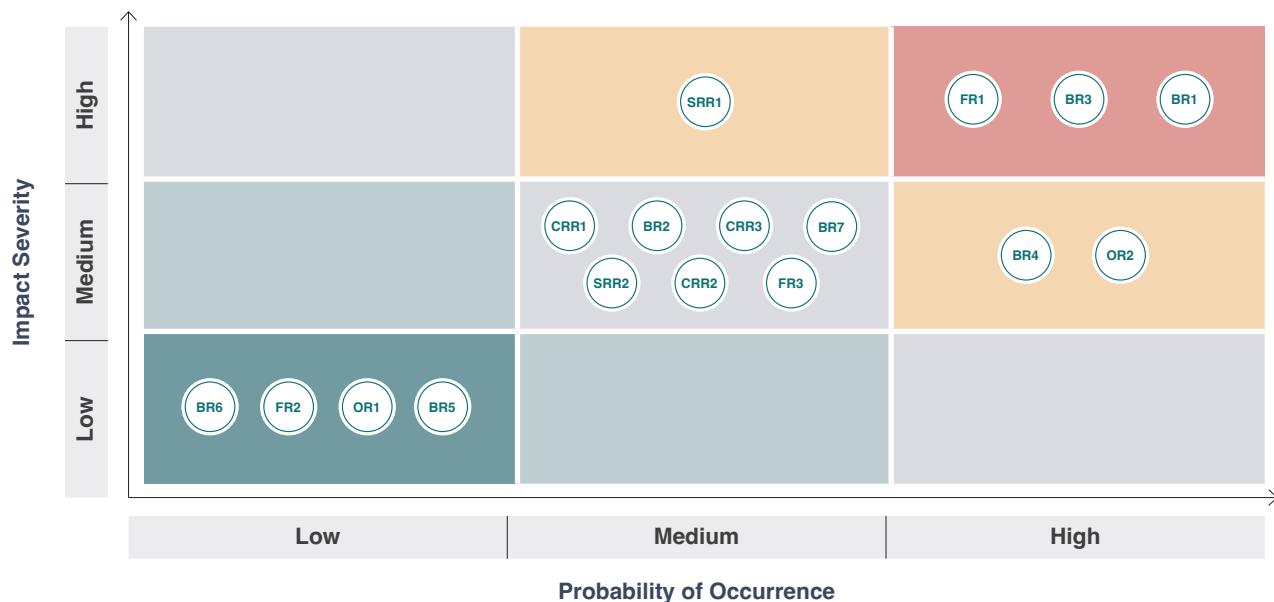
## RISK GOVERNANCE

Risk governance at Dilmah is built around the commitment to ethical leadership and sound corporate governance. The Board of Directors, as the highest governing authority, holds ultimate responsibility for risk oversight and is tasked with ensuring the implementation of a robust and effective risk management framework. This framework is designed to uphold the core principles of accountability, transparency, responsiveness, and stakeholder inclusivity. These principles are operationalised through a well-defined Three Lines of Defence model, which clearly delineates roles and responsibilities across the organisation to ensure that risks are proactively identified, assessed, and managed while strengthening overall organisational resilience and governance integrity.

Dilmah's risk governance was further strengthened during the reporting year following the establishment of a dedicated Risk Management Department to assist the Board in discharging its oversight responsibilities. The Head of Risk plays a key role in implementing the Enterprise Risk and Opportunity Management (EROM) framework across all business units. In this context, the Head of Risk serves as a main liaison between first and second lines of defense in driving enterprise-wide risk identification and assessment processes and ensuring alignment between strategic objectives and risk management practices as well as for promoting risk awareness culture.



## DILMAH RISK HEAT MAP



Business Risks (BR)			Mitigation Strategies
BR1 	<b>Macroeconomic, geopolitical conditions and global tariff war in buying markets</b>	Political instability attributed to the ongoing Russia/Ukraine war continued to adversely affect consumption patterns, resulting in lower demand for Ceylon tea. Demand for tea further weakened due to the erosion in disposable incomes across the wider European region owing to rising energy costs attributed from the Russia/Ukraine conflict	<ul style="list-style-type: none"> <li>Strengthening competitive positioning and reinforcing brand loyalty through targeted marketing campaigns</li> <li>Stringent margin management through operational efficiency, and optimal resource allocation</li> </ul>
BR2 	<b>Inflation in foreign markets</b>	As global inflation rates surged, consumers in key international markets faced higher living costs, leading to reduced disposable incomes. This economic strain had an adverse impact on the demand for premium and luxury items, including Dilmah's high-end tea products	<ul style="list-style-type: none"> <li>Driving brand loyalty, built on Dilmah's long standing commitment to exceptional quality, ethical sourcing, and sustainability</li> <li>Introducing exclusive loyalty programmes to retain existing customers and encourage repeat purchases</li> <li>Emphasis on developing value-added products for a broader range of price points</li> <li>Focus on developing new cost-effective distribution channels such as e-commerce and launching more sustainable products</li> </ul>

# MANAGING RISKS AND OPPORTUNITIES

Business Risks (BR)			Mitigation Strategies
BR3 	<b>Volatility in freight rates</b>	The Israel/Palestine conflict caused a significant volatility in freight rates due to disruptions in key shipping routes, increased security risks, and heightened geopolitical uncertainty, leading to delays, rerouting of cargo, and increased insurance premiums, thereby escalating overall transportation costs and affecting supply chain reliability	<ul style="list-style-type: none"> <li>Focus on revising its production planning to enable pre-booking of shipping capacity to secure favourable rates and minimise delays</li> </ul>
BR4 	<b>Fluctuations in the cost of production</b>	Volatile tea prices at local auctions are driven by a combination of inconsistent tea yields as well as political and economic factors	<ul style="list-style-type: none"> <li>Comprehensive tea buying strategy incorporating price fluctuations and seasonal trends</li> </ul>
BR5 	<b>Issues relating to product responsibility and/or quality and safety</b>	Issues relating to product responsibility and/or quality will directly impact Dilmah's brand and reputation, thereby affecting its competitive edge	<ul style="list-style-type: none"> <li>Compliance with a range of globally recognised product quality and safety certifications</li> <li>Stringent quality assurance across the sourcing, manufacturing and distribution process</li> <li>Training and awareness of quality aspects across the Company</li> <li>Trained staff to conduct inspection and testing and well-equipped testing facilities</li> </ul>
BR6 	<b>Competitor risk as global brands expand their RTD tea offerings.</b>	Dilmah faces increasing competitive risk as global beverage giants expand their Ready-to-Drink (RTD) tea portfolios, capitalising on convenience-driven consumer preferences to gain market share. This growing competition may compel Dilmah to consider diversifying its product range beyond traditional black tea to remain competitive and relevant in evolving markets.	<ul style="list-style-type: none"> <li>Introducing RTD tea options that highlight its single-origin authenticity and premium quality.</li> <li>Emphasising its ethical sourcing and sustainability to appeal to conscious consumers.</li> </ul>
BR7 	<b>Changing customer preferences may challenge the relevance of Dilmah's core products leading to loss of global market share.</b>	A growing number of health conscious consumers are driving demand for teas with functional benefits, such as those promoting wellness and containing natural ingredients. Additionally, competition from alternative beverages like kombucha, specialty coffees and plant-based drinks has intensified, challenging traditional tea markets. Consumers are also becoming more sophisticated, seeking unique flavours, premium quality and ethical sourcing.	<ul style="list-style-type: none"> <li>Continuous monitoring of emerging industry trends and preferences via various platforms and market research such as Euromonitor.</li> <li>Proactive and ongoing engagement with customers to obtain feedback and insights.</li> <li>Alignment with global standards, certifications and accreditations to demonstrate Dilmah's commitment to sustainability and ethics.</li> </ul>

Financial Risks (FR)		Mitigation Strategies
FR1 	<b>Exchange Rate Risk</b>	<p>Dilmah, being an export-oriented company, is inherently exposed to exchange rate risk, particularly in managing inward/outward remittances and financial assets. The company recorded a significant exchange gain during the year, in contrast to the exchange loss reported in the previous year. Given the relative weakness of the LKR against major currencies such as the USD and AUD, revenue from international sales remains vulnerable to conversion risk, especially under the mandatory currency conversion rules imposed by exchange control regulations</p> <ul style="list-style-type: none"> <li>• Ongoing monitoring of exchange rate movements and assessment of the impact on our operations</li> <li>• Follow efficient treasury management procedures to take advantage of the positive movements in exchange rates</li> </ul>
FR2 	<b>Interest Rate Risk</b>	<p>Volatility in interest rates could impact Dilmah's cost of borrowing and financing</p> <ul style="list-style-type: none"> <li>• Dilmah is mostly equity financed and strives to maintain zero exposure to long term debt servicing and as such is not subject to interest rate risk</li> </ul>
FR3 	<b>Credit Risk</b>	<p>The global economic downturn, characterised by reduced consumer spending, high inflation rates, and financial instability, impacted on the creditworthiness of both customers and suppliers. As many businesses and consumers faced financial strain, the likelihood of delayed payments or defaults increased, posing a risk to Dilmah's receivables</p> <ul style="list-style-type: none"> <li>• Careful evaluation of customers' profiles prior to extending credit terms</li> <li>• Adopt secure payment terms such as LCs, bank guarantees, performance bonds, etc where required and obtain SLECIC cover when there is a possible default risk</li> <li>• Regular follow up action &amp; continuous and frequent communication with customers</li> </ul>

Operational Risks (OR)		Mitigation Strategies
OR1 	<b>Employee attraction and retention</b>	<p>Despite the country experiencing high levels of labour out migration due to severe economic pressures, Dilmah successfully avoided high levels of employee attrition</p> <ul style="list-style-type: none"> <li>• Focus on offering a robust employee value proposition to position Dilmah as an employer of choice among industry peers</li> <li>• Commitment to create a conducive workplace to ensure employees are inspired to align personal career ambitions with corporate aspirations</li> <li>• Invest in creating a safe and healthy working environment that ensures the physical and psychological wellbeing of employees</li> </ul>
OR2 	<b>Information Systems and Cyber Security Risk</b>	<p>The threat of external cybersecurity breaches further intensified with global attacks becoming increasingly more frequent</p> <ul style="list-style-type: none"> <li>• Investment in world-class cybersecurity and information security systems supported by regular updates</li> <li>• Comprehensive disaster recovery architecture with cloud-to-cloud DR ensuring continuity in the event of a site or service failure at the production site</li> <li>• Established Disaster Recovery plan together with necessary hardware infrastructure to facilitate data backups and recovery</li> </ul>

# MANAGING RISKS AND OPPORTUNITIES

GRI 201-2

Climate Related Risks (CRR)		Mitigation Strategies
CRR1 	<b>Reputational damage</b>	<p>Delay in adopting emerging Sustainability/ESG reporting related regulations in local and global markets.</p> <ul style="list-style-type: none"> <li>• Timely identifications and adherence to the regulatory compliances</li> <li>• Conduct regular gap analysis to identify and align with requirements</li> <li>• Comprehensive documentation of ESG compliance</li> <li>• Obtaining independent assurance through internal and external audits</li> </ul>
CRR2 	<b>Enhanced emissions reporting obligations and increased pricing of GHG emissions</b>	<p>Requirements for rapid decarbonisation achieving Net Zero</p> <ul style="list-style-type: none"> <li>• Committed to achieve SBTi Net Zero in 2050</li> </ul>
CRR3 	<b>Increased severity of extreme weather events and extreme variability in weather patterns</b>	<p>Increased operating cost owing to interruptions to the supply chain and disruption to business operations due to difficulties in employee commutes transportation</p> <ul style="list-style-type: none"> <li>• Robust supply chain management approach to ensure supplier alignment with Dilmah's strategy and business plans</li> <li>• Strategic sourcing to build inventory in order to secure timely delivery to customers whilst monitoring emerging trends in the shipping industry</li> <li>• Conducting research to strengthen supply chain resilience by educating farmers on climate adaptation methodologies and sustainable practices</li> <li>• Invest in technology to enhance business resilience and reduce dependency on manual labour</li> </ul>

Sustainability Related Risks (SRR)		Mitigation Strategies
SRR1 	<b>Increasing demand for biodegradable and home compostable packaging materials</b>	<p>As a value-added tea exporter, under the food-grade product category, Dilmah is required to comply with stringent food quality, consumer health, and safety standards. Hence, packaging materials used play a critical role in preserving the quality and freshness of the tea until it reaches the consumer for brewing. However, achieving biodegradable and sustainable packaging solutions poses significant challenges due to limited technology and the unavailability of suitable materials in the local market.</p> <ul style="list-style-type: none"> <li>• Ongoing research and development efforts in collaboration with packaging suppliers</li> <li>• Integration of sustainable packaging criteria in the vendor selection process</li> </ul>

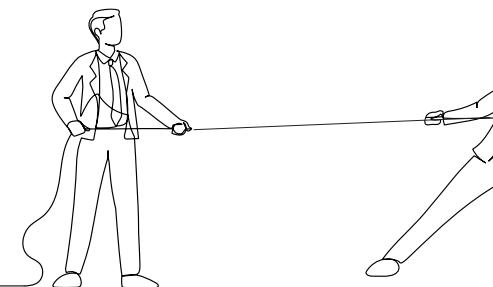
Sustainability Related Risks (SRR)		Mitigation Strategies
SRR2 	Lack of transparency in supply chain sustainability	<p>Limits the ability to make informed, responsible procurement decisions, ultimately affecting long-term business resilience and market competitiveness. It can also potentially undermine consumer trust, damaging brand reputation, and exposing the Company to regulatory risks.</p> <ul style="list-style-type: none"> <li>• Adopt traceability mechanisms</li> <li>• Introduced a physical and online platform to connect with suppliers and track their ESG Performance</li> </ul>

## MANAGING OPPORTUNITIES

Business-related Opportunities (BRO)		Management Approaches	ST	MT	LT
BRO 1	Explore and expand into new and emerging markets to minimise overdependence on a specific country/region/sector	<ul style="list-style-type: none"> <li>• Pursue strategic partnerships with local distributors, retailers, and online platforms to effectively navigate new regions and establish a stronger presence in non-traditional markets</li> </ul>	✓	✓	
BRO 2	Diversifying distribution networks and launching more sustainable products to deepen the penetration in existing markets	<ul style="list-style-type: none"> <li>• Expanding cost-effective distribution solutions, through e-commerce partnerships</li> <li>• Emphasis on developing value-added products for a broader range of price points.</li> </ul>	✓	✓	✓
BRO3	A growing number of health-conscious consumers are driving demand for teas with functional benefits, such as those promoting wellness and containing natural ingredients. Additionally, competition from alternative beverages like kombucha, specialty coffees, and plant-based drinks has intensified, challenging traditional tea markets. Consumers are also becoming more sophisticated, seeking unique flavours, premium quality, and ethical sourcing	<ul style="list-style-type: none"> <li>• Investing in R &amp; D to drive product innovation to gain first mover advantage in emerging markets</li> <li>• Continuous monitoring of emerging industry trends and preferences via various platforms and market research such as Euromonitor</li> <li>• Proactive and ongoing engagement with customers to obtain feedback and insights</li> <li>• Alignment with global standards, certifications and accreditations to demonstrate Dilmah's commitment to sustainability and ethics</li> </ul>	✓	✓	

# MANAGING RISKS AND OPPORTUNITIES

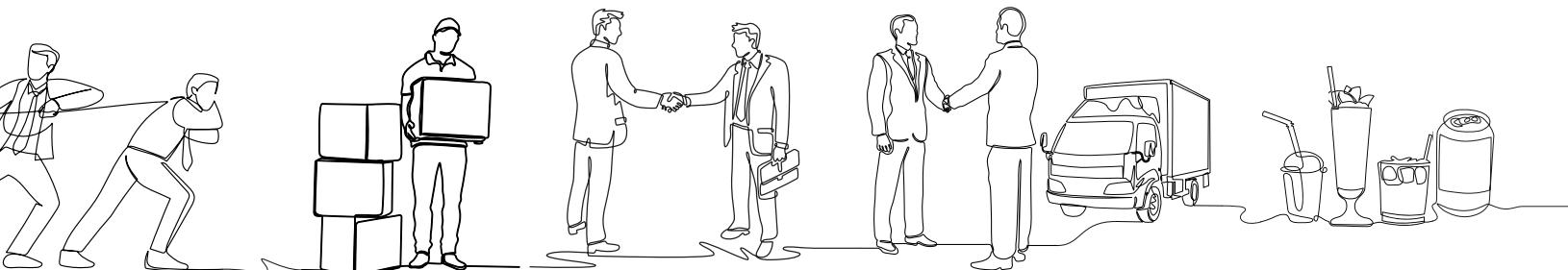
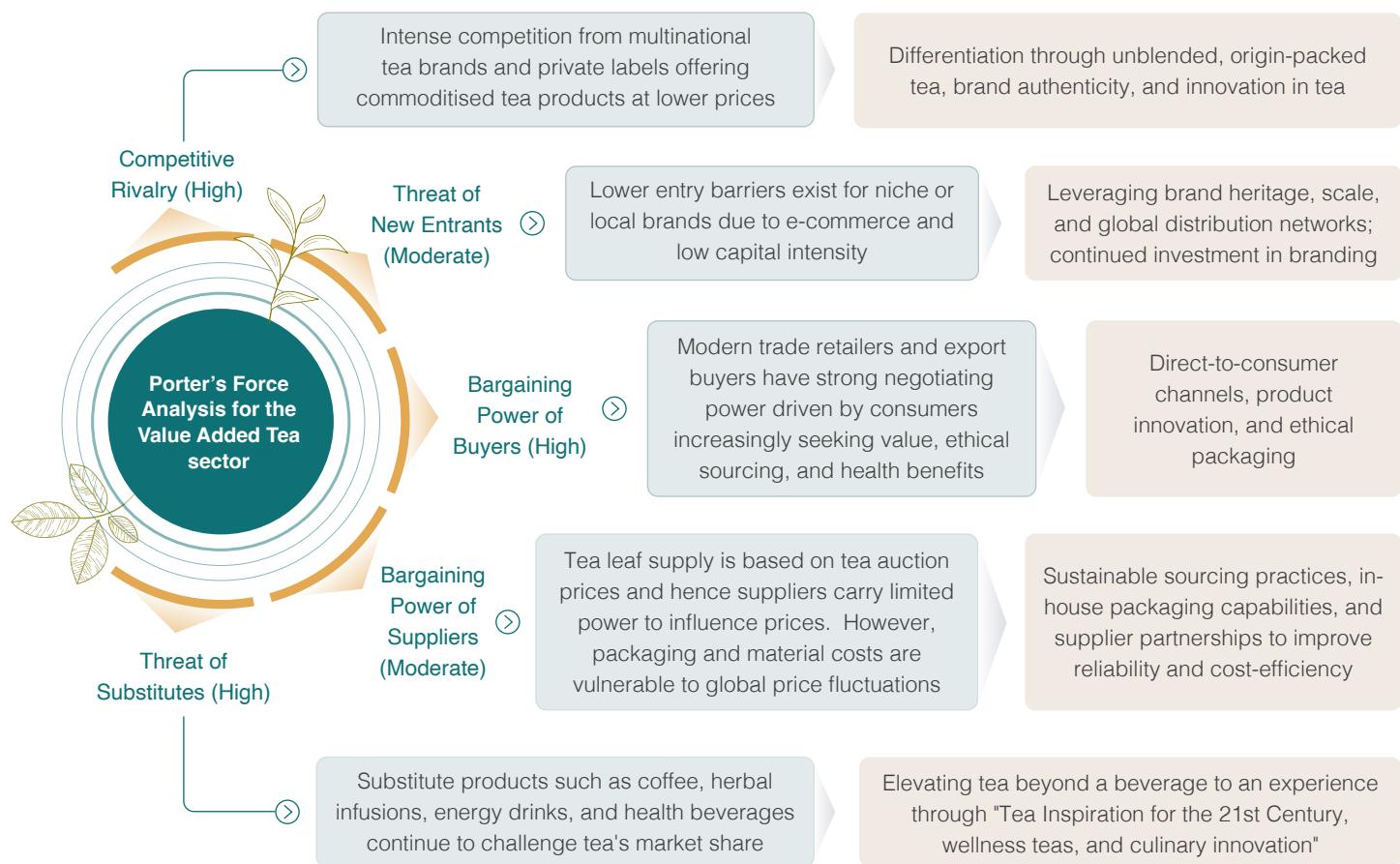
Operational-related Opportunities (ORO)		Management Approaches	ST	MT	LT
ORO1	Build a Future-ready workforce through employer branding and career development	<ul style="list-style-type: none"> <li>As a globally recognised brand, Dilmah attracts talent by offering strong personal development opportunities, valuable employee benefits, and a purpose-driven culture, making it a preferred employer despite national labour migration trends</li> <li>Dilmah's ongoing Internship Programme (DIP) serves as a key talent pipeline by providing paid, hands-on training to university and technical college students across Sri Lanka. By bridging academic learning with industry experience, the DIP attracts skilled, job-ready candidates, enhancing the company's external talent pool with minimal lead time</li> </ul>	✓	✓	✓
Climate-related Opportunities (CRO)		Management Approaches	ST	MT	LT
CRO1	Reducing the energy intensity of products	<ul style="list-style-type: none"> <li>Prioritising investments in renewable energy to increase the renewable energy share</li> </ul>	✓	✓	✓
Sustainability-related Opportunities (SRO)		Management Approaches	ST	MT	LT
SRO1	Achieving leadership in the use of sustainable packaging	<ul style="list-style-type: none"> <li>Strategic focus on developing environmentally sustainable packaging</li> </ul>			✓



# STRATEGY AND RESOURCE ALLOCATION

Dilmah strives to ensure its strategy remains highly relevant and adaptable amidst rapidly evolving macroeconomic conditions locally and globally. To ensure continued relevance and resilience, Dilmah undertakes a continuous refinement of its strategy, using insights drawn from internal strengths and weaknesses alongside external opportunities and threats. These findings are systematically mapped against Porter's Five Forces to understand the evolving industry landscape.

This integrated strategic assessment has shaped Dilmah's robust four-pillar strategy, which focuses on mobilising the right forms of capital financial, intellectual, human, natural, and social, to effectively navigate current challenges and leverage future opportunities, in turn enabling the Company to meet near-term performance targets and building resilience while advancing long-term value creation.



# STRATEGY AND RESOURCE ALLOCATION

<b>Pillar 1 : Global Market Leadership</b>	
<b>Risks</b>	<b>BR 1   BR 2   BR 3   BR 4   BR 5   BR 6   BR 7   FR 1   FR 2   FR 3   SRR 2</b>
<b>Opportunities</b>	<b>BRO 1   BRO 2   BRO 3</b>
<b>Material Topics</b>	Customer Satisfaction   Sustainable growth in Earnings   Exchange Rate Fluctuations   Brand Image and Reputation   Product Responsibility   Innovation   Manufacturing Capabilities   Geopolitical Conditions in Buying Markets
<b>Progress Report FY 2024/25</b>	
<b>Key Actions</b>	<b>Resource Allocation Scorecard through Capitals</b>
<ul style="list-style-type: none"> <li>Rs. 67.8 Mn invested in branding</li> <li>Rs. 66.5 Mn invested in R &amp; D</li> <li>35 new product variants were introduced across 7 ranges</li> <li>Conducted a Customer Satisfaction Survey with our distributors in August 2024 where overall rating was 80%. Based on scorecard, a rating of 80% is categorised as 'Above Expectation'.</li> <li>Rolled out a Customer Relationship Management (CRM) system to automate, monitor, and streamline the handling of consumer feedback.</li> </ul>	 6% year on year revenue growth (exports)  11% year-on-year volume growth (exports)  80% global customer satisfaction score <p>Global presence in 111 Countries including 01 new country entered into in 2024/25</p> <p>Dilmah was voted New Zealand's Most Trusted Tea Brand for the 9th Consecutive year by Reader's Digest Overall Award – Market Diversified Exporter of the year (26th Presidential Export Awards - 2023/2024)</p> <p>Dilmah received globally recognised home and industrial compostability certifications from both the Australasian Bioplastics Association (ABA) and DIN CERTCO for its Pot Tea Bag/Tag-Free Tea Bag range</p>

<b>Pillar 2 : Operational Excellence</b>	
<b>Risks</b>	<b>OR 1   OR 2   SRR 1   SRR 2</b>
<b>Opportunities</b>	<b>CRO 1   SRO 1</b>
<b>Material Topics</b>	Power and Energy   Managing our People   Occupational Health & Safety   Customer Satisfaction   Brand Image and Reputation   Product Responsibility   Innovation   Environmental & Socio-economic Compliance   Managing our Supply Chain   Managing our Distribution Network   Manufacturing Capabilities   Cost of Production and Logistics   Information System and Cybersecurity
<b>Progress Report FY 2024/25</b>	
<b>Key Actions</b>	<b>Resource Allocation Scorecard through Capitals</b>
<ul style="list-style-type: none"> <li>Implementation of an energy monitoring system</li> <li>263 engineering improvement projects</li> <li>Rs. 85 Mn invested in strengthening IT infrastructure</li> </ul>	 95% - Overall highest performing equipment efficiency ratio 1.4% - Production wastage at the factory 59% - Capacity utilisation 100% - Delivery In Full On Time (DIFOT) 82.90% - Overall Equipment Efficiency (OEE)

<b>Pillar 3 : Empowered Workforce</b>		
Risks	<b>OR 1   OR 3</b>	
Opportunities	<b>ORO 1</b>	
Material Topics	Managing our People   Occupational Health & Safety	
<b>Progress Report FY 2024/25</b>		
Key Actions	Resource Allocation through Capitals	Scorecard
<ul style="list-style-type: none"> <li>76 new recruits</li> <li>83 promotions (56 - male   27- female)</li> <li>Extended the internship programme to international candidates</li> <li>Launch of Vitalitea Fitness Centre</li> <li>Launch of a Leadership Development Programme in collaboration with HardSkills</li> <li>351,963 hours of training</li> <li>50 Long Service Award recipients</li> </ul>	 	<p>88.1% employee retention rate</p> <p>55.8% employees serving the Company for over 5 years</p>

<b>Pillar 4 : Environment, Sustainability &amp; Governance</b>		
Risks	<b>CRR 1   CRR 2   CRR 3   SRR 1</b>	
Opportunities	<b>CRO 1   SRO 1</b>	
Material Topics	Implications of Climate Change   Preserving the Environment   Power and Energy   Community Engagement   Customer Satisfaction   Brand Image and Reputation   Product Responsibility   Environmental & Socio-economic Compliance   Managing our Supply Chain   Managing our Distribution Network	
<b>Progress Report FY 2024/25</b>		
Key Actions	Resource Allocation through Capitals	Scorecard
<ul style="list-style-type: none"> <li>Conducted the 3rd supplier partner conference.</li> <li>Rs. 191 Mn allocated for MJF Foundation Projects</li> <li>Commissioning of the Energy Monitoring System</li> <li>Official validation from the SBTi for Net-zero targets</li> <li>Conducted the first-ever water footprint assessment in alignment with ISO 14046:2014</li> <li>Rs. 206 Mn allocated for Dilmah conservation initiatives</li> <li>Complied in full with the CSE listing rules on corporate governance</li> </ul>	 	<p>8% year-on-year reduction in energy consumption</p> <p>250,350 kWh of solar energy generation equivalent to planting 2,929 Trees</p> <p>86.44% of the total waste recycled/repurposed/re-used</p> <p>45,213 MT CO2e discharge of emissions from tea gardens to the destination ports of all overseas markets</p> <p><b>BCCS Awards 2024</b></p> <ul style="list-style-type: none"> <li>Winner - Top 10 Corporate Citizen 2024</li> <li>Category Award Winner - Corporate Environmental Commitment</li> <li>Winner – Best Project Sustainability Awards for MJF Charitable Foundation's Small Entrepreneur Programme</li> </ul> <p><b>Sustainability Tracker Awards 2024</b></p> <ul style="list-style-type: none"> <li>Winner - High Achiever Award</li> </ul> <p>ZERO incidents of non-compliance of regulations</p>



## FINANCIAL CAPITAL



Sustained through disciplined operations and thoughtful investment, the pool of financial resources continues to underpin the Company's ability to create enduring value. A resilient balance sheet and consistent revenue growth over the reporting period have strengthened Dilmah's capacity to support ongoing operations, pursue strategic expansion, and uphold its deeply rooted, purpose-led mission.

### Overview

Financial Capital is crucial for Dilmah's ongoing success and sustainability as it supports the Company's ability to achieve its strategic objectives and deliver value to all its stakeholders.



Dilmah's approach to managing Financial Capital combines disciplined financial planning, robust risk management, revenue diversification, and cost optimisation alongside continued investments in efficiency and sustainability. Likewise, Dilmah is committed to expanding into new markets and diversifying its product portfolio to safeguard margins and maintain stability. These efforts are further supported by advanced forecasting tools to monitor financial KPIs in line with strategic objectives to enable Dilmah to remain agile, competitive, and well-positioned for future growth.



#### KEY HIGHLIGHTS FOR FY 2024/25

**Rs. 2.7 bn**

invested in PPE (Rs. 1.8 billion in new tea bagging machine)

**Rs. 3.6 bn**

on Selling and Distribution Expenses to strengthen brand visibility

**Rs. 452**

million exchange gain

**Rs. 449**

million reduction in finance income

#### Stakeholder Outcomes ➤

**Shareholders** - Stable dividends and returns on investment leading to improved confidence in Dilmah's long-term financial health and growth prospects

**Customers** - Enhanced customer satisfaction due to continuous investment in upgrading production and packaging systems

**Employees** - Competitive salary increments and improved benefits that keep employees motivated and satisfied

**Suppliers** - Stable and reliable demand for their products and services

**Community/Environment** - Increased community investment and support for sustainable practices and environmental initiatives

#### Outputs for Dilmah ➤

**14%** year-on-year revenue growth

**18%** : 5-year CAGR in Revenue

**21%** year-on-year volume growth

**4%**: 5-year CAGR in volume

**3.2%** : ROE

**0%** : Gearing Ratio

**5.2 times** : Current Ratio

**4.3 times** : Quick Ratio

#### SUSTAINABLE DEVELOPMENT GOALS



# FINANCIAL CAPITAL

## REVENUE

Dilmah Ceylon Tea Company PLC delivered a strong performance in FY 2024/25, with revenue growing by 14% year-on-year, from LKR 18.5 billion to LKR 21.2 billion. Growth was underpinned by a 21% increase in sales volumes, testifying to the fact that Dilmah's focus on product differentiation, authenticity, and quality, continue to resonate with global consumers. Key growth markets included Europe, Asia, and Oceania, supported by strategic brand-building campaigns to boost visibility and sales in these regions. Likewise continued expansion of the premium product category across all regions also contributed notably to volume growth for the current year.

## COST OF SALES

Cost of sales rose by 20% year on year, primarily due to a significant escalation in tea prices. Prices for Dilmah tea standards at the Colombo Tea auction increased by 15% on average with prices in certain elevations reaching historic highs during 2024. Consequently, the Company's cost structure came under strain despite its efforts to mitigate volatility through long-term supplier partnerships and forward sourcing strategies.

## GROSS PROFIT

With the sharp increase in cost of sales offsetting strong gains attributed to volume-led revenue growth, Dilmah registered only a modest 6% improvement in gross profit for FY 2024/25. While the strong performance of premium and other top product ranges, sales and expansion into key international markets offered some degree of resilience, the impact of elevated input costs was also evident in the contraction of the gross profit margin, which declined

from 39% in FY 2023/24 to 36% in the current year.

## OPERATING PROFIT & PROFIT BEFORE TAX (PBT)

Operating profit for FY 2024/25 increased by 116% from the combination of exchange gain and prudent management of administration and operational costs.

Overall, Administrative expenses decreased only marginally despite the 25% increase in depreciation attributed to the LKR 1.8 billion capital investment in new tea bagging machinery, underscoring the success of internal cost containment and efficiency improvement measures. Most notably, Energy costs declined by 25% year-on-year, owing to the continued transition to solar energy and reduction in tariff.

On the other hand, S&D expenses increased significantly as the Company ramped up market development and promotional activities in key international markets. These investments, while impacting short-term profitability, are expected to strengthen brand equity and consumer engagement in the medium term.



Meanwhile, finance costs declined in FY 2024/25 owing to the absence of the short-term arbitration loan that had been in place the previous year. The recurring lease liabilities under right-of-use assets were the only material finance cost component for the current year.

Finance income declined sharply by LKR 449 million, as USD deposits were uplifted to fund capital investments, while lower market interest rates contributed to reduced income on both foreign currency and LKR denominated deposits.

Additionally, in contrast to the previous year's exchange loss, Dilmah reported a foreign exchange gain of LKR 452 million in the current year owing to the favourable exchange rate movements in 2024, particularly the LKR against USD and AUD, which benefited the Company's foreign currency-denominated receivables and deposits.

Collectively, these factors enable Dilmah to table PBT of LKR 1.7 billion for FY 2024/25, denoting a 21% year-on-year increase from the LKR 1.4 billion reported in the previous financial year.

## PROFIT AFTER TAX (PAT)

Profit After Tax (PAT) declined by 4.7% due to provision of income tax for previous years tax assessments and deferred tax liability arised from the investment in new machinery and unrealised exchange gain.

However, the Company enjoyed a significant tax benefit in the reporting year from the investment in new tea bagging machinery designed to support the shift to environmentally friendly packaging solutions in line with evolving packaging regulations and sustainability standards across key international

## VERTICAL ANALYSIS OF INCOME STATEMENT - GROUP

As at 31 March 2025	2025		2024		2023	
	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Revenue from Contracts with Customers</b>	21,157,914	100%	18,497,350	100%	22,313,009	100%
Cost of Sales	(13,494,549)	-64%	(11,248,799)	-61%	(12,223,914)	-55%
<b>Gross Profit</b>	7,663,365	36%	7,248,551	39%	10,089,095	45%
Other Income	34,006	0%	76,980	0%	49,611	0%
Administrative Expenses	(3,094,268)	-15%	(3,130,733)	-17%	(2,649,525)	-12%
Selling and Distribution Costs	(3,570,133)	-17%	(2,954,526)	-16%	(4,781,278)	-21%
Foreign Exchange Gain/(Loss)	451,933	2%	(490,358)	-3%	2,269,566	10%
Finance Costs	(148,341)	-1%	(185,145)	-1%	(142,779)	-1%
Finance Income	352,683	2%	802,126	4%	995,949	4%
<b>Profit Before tax</b>	1,689,245	8%	1,366,895	7%	5,830,638	26%
Income Tax Expense	(963,416)	-5%	(604,503)	-3%	(796,285)	-4%
<b>Profit for the year</b>	725,829	3%	762,392	4%	5,034,354	23%

In 2022/23, profits were skewed due to unprecedeted currency depreciation

markets, particularly in Europe and Oceania. The investment enabled the Company to qualify for enhanced capital allowances under prevailing tax regulations allowing for double taxation relief on new investments.

### EPS, DPS & PAYOUT



The company has declared a final dividend of Rs. 20 per share for the financial year 2024/25, reflecting its consistent and healthy dividend payout ratio over the years.

### ASSETS

Dilmah's financial position strengthened further in the current year, supported by a significant increase in fixed assets. Overall Net Book Value (NBV) increased by LKR 2 billion of which approximately LKR 1.8 billion was on account of the acquisition of advanced tea bagging machinery.

Current assets increased against the build up of inventory levels to support Dilmah's market expansion strategies. Trade receivables remained tightly controlled and within the Company's internal target range, despite more competitive credit terms offered to grow captive market share from strategic customers.

Cash and bank balances declined by approximately LKR 2 billion during the year, driven by a strategic decision to convert short-term fixed deposits into longer-term financial instruments, in response to declining market interest

rates. The move led to a LKR 1.3 billion increase in other current financial assets.

### LIABILITIES

Dilmah maintained its disciplined financial position, with no significant increase in interest-bearing debt, thereby preserving its conservative capital structure. A key component of non-current liabilities remained the long-term lease liability, recognised in accordance with SLFRS 16 accounting standards for right-of-use assets.

Trade payables increased in tandem with the Company's strategic decision to scale up production volumes and maintain a buffer of raw materials and packaging components to meet growing market demand. The increase was well-aligned with the pace of operational expansion and managed within acceptable limits. Overall, Dilmah's liability profile remains healthy and manageable, with strong internal controls ensuring that obligations are met without compromising liquidity or financial flexibility.

# FINANCIAL CAPITAL

## VERTICAL ANALYSIS OF STATEMENT OF FINANCIAL POSITION - GROUP

As at 31 March 2025	2025		2024		2023	
	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment	7,233,780	25%	5,201,474	19%	4,690,230	17%
Investment Property	633,064	2%	617,428	2%	628,123	2%
Intangible Assets	138,353	0%	129,005	0%	132,660	0%
Right of Use Asset	995,327	3%	1,025,132	4%	1,054,937	4%
Deferred Tax Asset	-	0%	22,985	0%	41,277	0%
Other Non-Current Financial Assets	300,818	1%	225,437	1%	270,805	1%
<b>Total Non-Current Assets</b>	<b>9,301,342</b>	<b>32%</b>	<b>7,221,461</b>	<b>27%</b>	<b>6,818,032</b>	<b>24%</b>
<b>Current Assets</b>						
Inventories	3,235,912	11%	2,754,652	10%	2,780,029	10%
Trade and Other Receivables	7,180,754	25%	6,250,593	23%	6,799,456	24%
Advances and Prepayments	1,302,060	5%	2,214,098	8%	731,582	3%
Amounts Due from Related Party	24,157	0%	23,273	0%	-	0%
Other Current Financial Assets	4,764,061	16%	3,445,999	13%	971,042	3%
Cash and Cash Equivalents	3,091,576	11%	5,114,921	19%	9,920,878	35%
<b>Total Current Assets</b>	<b>19,598,520</b>	<b>68%</b>	<b>19,803,536</b>	<b>73%</b>	<b>21,202,987</b>	<b>76%</b>
<b>Total Assets</b>	<b>28,899,862</b>	<b>100%</b>	<b>27,024,997</b>	<b>100%</b>	<b>28,021,019</b>	<b>100%</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and Reserves</b>						
Stated Capital	642,500	2%	642,500	2%	642,500	2%
Other Components of Equity	67,010	0%	(8,371)	0%	36,997	0%
Retained Earnings	22,207,621	77%	21,677,003	80%	22,004,594	79%
<b>Total Equity</b>	<b>22,917,131</b>	<b>79%</b>	<b>22,311,132</b>	<b>83%</b>	<b>22,684,091</b>	<b>81%</b>
<b>Non-Current Liabilities</b>						
Lease Liability	1,140,163	4%	1,154,114	4%	1,132,041	4%
Retirement Benefit Obligations	597,908	2%	447,758	2%	300,393	1%
Deferred Tax Liability	466,142	2%	-	0%	-	0%
	2,204,213	8%	1,601,872	6%	1,432,434	5%
<b>Current Liabilities</b>						
Trade and Other Payables	1,532,725	5%	1,086,180	4%	1,247,182	4%
Provisions and Accrued Expenses	1,695,088	6%	1,411,477	5%	1,634,753	6%
Lease Liability	64,511	0%	71,980	0%	79,528	0%
Income Tax Payable	486,194	2%	542,356	2%	943,031	3%
	3,778,518	13%	3,111,993	12%	3,904,494	14%
<b>Total Liabilities</b>	<b>5,982,731</b>	<b>21%</b>	<b>4,713,865</b>	<b>17%</b>	<b>5,336,928</b>	<b>19%</b>
<b>Total Equity and Liabilities</b>	<b>28,899,862</b>	<b>100%</b>	<b>27,024,997</b>	<b>100%</b>	<b>28,021,019</b>	<b>100%</b>

## DuPont Analysis (Figures Rs. Bn)



### RISKS, OPPORTUNITIES AND WAY FORWARD

#### Risks

- Margin pressure owing to volatility in prices of tea at the Colombo tea auction and freight costs
- Currency and credit risks

#### Opportunities

- Expand the range of products and value-added offerings
- Web sales through secured e-commerce channels

Short-Term (1 - 2 years)	Medium-Term (2 - 4 years)	Long-Term (4 - 5 years)
Operational costs optimisation	Leveraging brand heritage, expanding global distributor network and investment in branding	Investment in new machinery relating to products innovation and ethical packaging



## MANUFACTURED CAPITAL



The physical and technological infrastructure at the heart of Dilmah's operations forms a vital foundation for delivering on its promise of quality, authenticity, and sustainability. From state-of-the-art processing and packaging facilities to advanced core IT systems and integrated digital platforms, these assets work in harmony to uphold the Company's enduring commitment to offering the finest single origin Ceylon tea.

### Overview

Dilmah's Manufactured Capital provides the foundational support for the Company's core business of producing and marketing value added teas. These include the Property, Plant and Equipment (PPE), encompassing physical infrastructure such as the freehold premises in Peliyagoda that houses the main processing plant, MJF Beverages Pvt Ltd where the liquid tea is processed, the leasehold warehouse and storage complex in Wattala, the vehicle fleet as well as the Company's IT infrastructure, which together enable Dilmah to deliver premium tea products while maintaining stringent quality and sustainability standards.



Dilmah's approach to managing its Manufactured Capital is building resilient, efficient, and future-ready operational infrastructure that supports the Group's mission of delivering quality with integrity. Accordingly, the Group adopts a long-term, strategic approach to its physical and technological assets, ensuring that all investments in infrastructure, machinery, and systems align with both business objectives and sustainability goals.



#### KEY HIGHLIGHTS FOR 2024/25

Implementation of an  
**Energy Monitoring System**

**263**

engineering improvement projects

**Rs. 85 Mn**

invested in strengthening  
IT infrastructure

#### Stakeholder Outcomes

**Customers** - Consistent high-quality products

**Employees** - Safer and more efficient work environments

**Shareholders** - Increased return on investment due to operational efficiencies

**Community & Environment** - Reduced environmental impact through sustainable practices

#### Outputs for Dilmah

**95%** - Overall highest performing equipment efficiency ratio (94.03% - 2023/24)

**1.4%** - Production wastage at the factory (1.51% - 2023/24)

**59%** - Capacity utilisation (51% - 2023/24)

**100%** - Delivery In Full On Time (DIFOT) (100% - 2023/24)

**82.90%** - Overall Equipment Efficiency (OEE) (82.42% - 2023/24)

#### SUSTAINABLE DEVELOPMENT GOALS



# MANUFACTURED CAPITAL

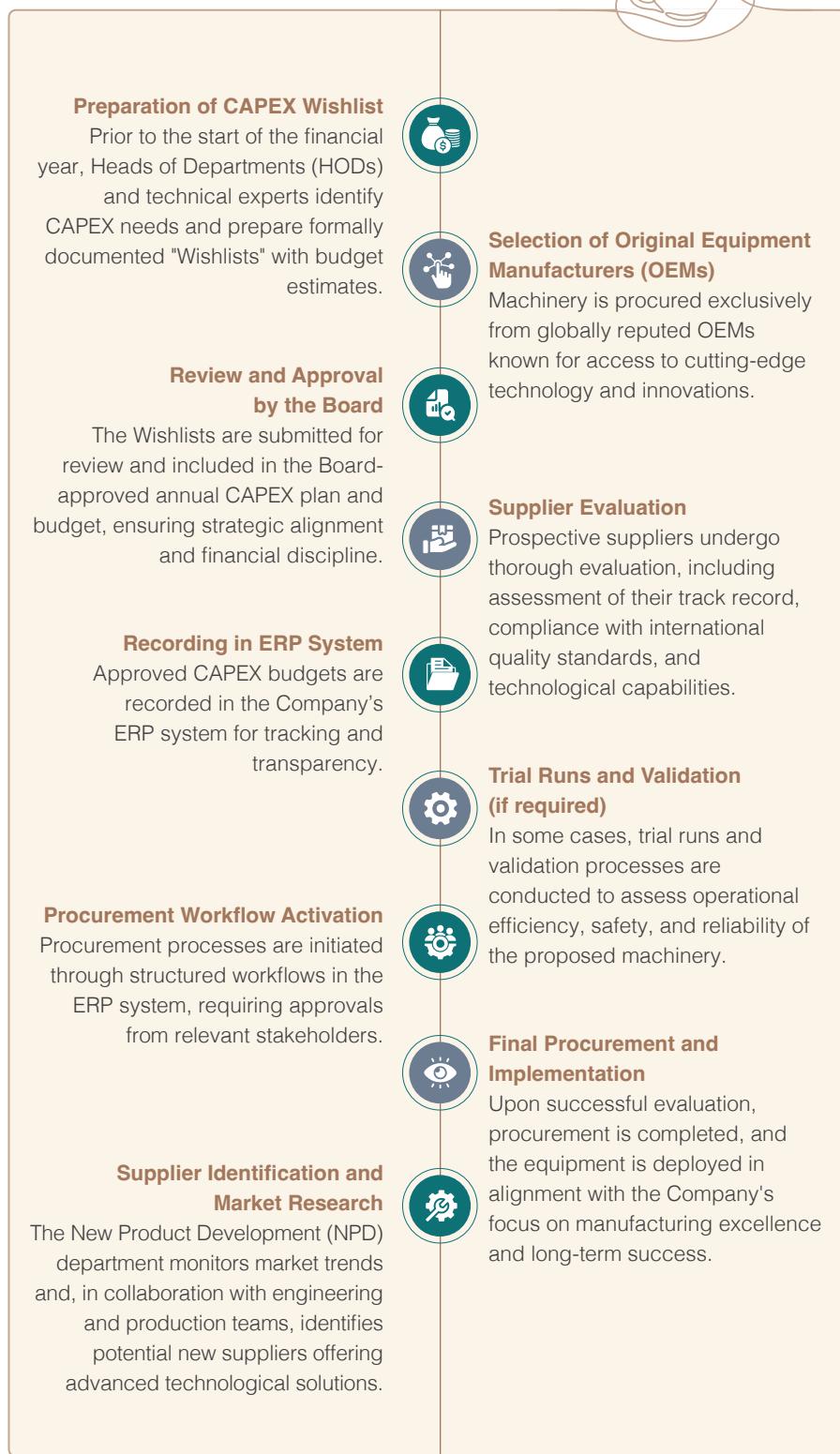
## STRONG PHYSICAL INFRASTRUCTURE

Dilmah's fully integrated manufacturing infrastructure stands as the backbone of Group operations. The primary manufacturing facility located in Peliyagoda is equipped with state-of-the-art machinery for tea processing, cleaning, blending, and packaging. Dilmah continues to invest strategically to upgrade physical infrastructure, to ensure the Company remains well-positioned to meet evolving global market demands while reinforcing its leadership in the value-added tea industry. All Capital Expenditure (CAPEX) is guided by a board-approved CAPEX plan.

In addition, all operations at the facility are carried out in line with Dilmah's broader mission of ethical business, ensuring that every product reflects not only exceptional quality but also a commitment to social and environmental responsibility. The facility is widely regarded as the benchmark for quality assurance and sustainability within Sri Lanka's value-added tea sector with manufacturing operations continually enhanced in line with global certifications including the ISO 9001:2015 Quality Management Standard and the ISO 14001:2015 Environmental Management Standard. In addition, adherence to FSSC 22000 and BRC Global Standard for Food Safety alongside compliance with Sedex Members Ethical Trade Audit (SMETA) ensures that ethical practices are embedded across the value chain.

Further elevating its operational standards, Dilmah aligns its manufacturing processes with Rainforest Alliance Sustainable Agriculture guidelines and meets Organic Standards applicable to the EU, USDA NOP, and JAS. These certifications reflect the Company's deep-rooted commitment to conducting its plant operations in a manner that is both environmentally responsible and socially accountable.

## Capital Expenditure (CAPEX) Process Flow





## OPTIMISING ASSET PERFORMANCE

Dilmah's proactive approach to improving asset performance includes regular preventive maintenance and the use of digital tools for real-time asset monitoring to facilitate predictive maintenance. All machinery is maintained in line with detailed weekly, monthly, and annual schedules by the in-house engineering team, with technical advice sought from OEMs as needed.

The Group's engineering teams also engage in production efficiency and process improvement projects that focus on ensuring assets operate at peak efficiency to support higher productivity, lower downtimes and reduced operational costs.

Vehicle maintenance is also a key part of Dilmah's asset management strategy. All vehicles are serviced in line with defined schedules and service intervals, including daily inspections, quarterly comprehensive checks, and annual emission testing to ensure regulatory compliance and vehicle reliability. Heavy vehicle servicing and repairs are conducted at Dilmah's own maintenance workshop in Peliyagoda, while light vehicles are serviced through a network of approved external workshops and authorised dealers.

### OEE Improvement Project

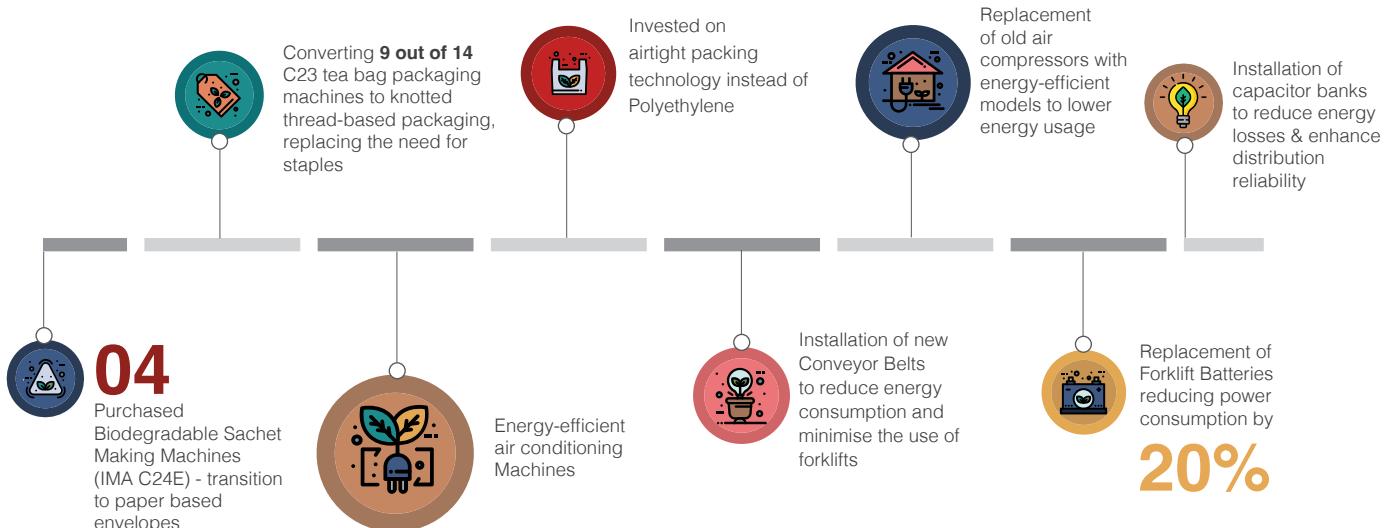
The OEE improvement project focused on increasing efficiency and minimising downtime across the packaging lines. A detailed analysis of equipment performance data was conducted to identify major loss areas, with particular emphasis on machine readiness and changeover times. The findings revealed the changeover process as the primary contributor to inefficiency, which led to a comprehensive review of manpower utilisation. To address underutilisation, workloads were reallocated resulting in the average changeover time reducing from 35–40 minutes to 25–30 minutes. The project also laid the groundwork for ongoing improvements through regular performance tracking and monitoring.

### 5S Improvement Inside the Production Department

The 5S implementation project was initiated to streamline the manufacturing floor, improve safety, and enhance operational efficiency. Through systematic sorting, unnecessary processes were eliminated; tools and materials were reorganised for quick access, while standard operating procedure's were established for all key areas. A scheduled audit plan was also drawn up and implemented to continuous improvement. The project also promoted a culture of cleanliness and discipline, supporting long-term continuous improvement.

## ASSET DECARBONISATION

As part of the ongoing effort to enhance asset efficiency and sustainability of its operations, Dilmah continues to focus on reducing its carbon footprint through asset decarbonisation. In line with this commitment, Dilmah has obtained the validation of its Net-zero targets by the Science Based Targets initiative (SBTi). A key part of achieving these targets involves purchasing energy-efficient machines, which lower energy consumption in production and reduce related emissions. Further advancing its efforts, a comprehensive Energy Monitoring System was implemented during the reporting year which enables the engineering team to detect irregular energy usage at the equipment level, allowing for immediate corrective action and supporting continuous improvements in energy efficiency.



# MANUFACTURED CAPITAL

Investment on CAPEX	Additions Rs. '000
Land & Building	134,768
Plant & Machinery	2,112,629
Factory Equipment	328
Furniture & Fittings	209,762
Office and store equipment	84,187
Computer Hardware	39,904
Computer Software	28,131
Motor Vehicle	1,248
Other	165,439
<b>Total CAPEX</b>	<b>2,776,396</b>

Engineering Improvement Projects	Number of Improvements
Process and Production Capability Improvements	64
Improve Maintenance, Innovation	40
Machining Capability	140
Product Development	5
Packing Quality Improvement	2
Energy Efficiency	12
<b>Total</b>	<b>263</b>

## IT INFRASTRUCTURE AND TECHNOLOGY SUPPORT SYSTEMS

Dilmah's IT infrastructure is designed to complement and enhance the Group's physical infrastructure through a balanced integration of cloud-centric technologies and essential on-premises systems. Operating within a hybrid environment, the IT framework ensures seamless connectivity, robust data security, and operational continuity across all business functions.

### CYBERSECURITY AND INFORMATION SECURITY

Dilmah's information security framework aligns with ISO 27001 standards, showcasing its commitment to strong governance and global best practices. It uses next-generation firewalls, AI-powered Endpoint Detection and Response (EDR) systems, and virtualised cloud firewalls to protect both on-premises and cloud environments. Security is further strengthened through regular internal assessments, access audits, continuous monitoring, and independent external audits.

### BUSINESS CONTINUITY AND DISASTER RECOVERY

The Group has established an advanced Business Continuity and Disaster Recovery (BCP & DR) framework to maintain operations during disruptions. It features risk assessments, response protocols, employee training, and regular testing. Disaster recovery is based on Microsoft Azure Cloud, with primary in Singapore and secondary in Central India, ensuring secure, seamless failover and continuous service through strong access controls and data replication.

**Dilmah's**  
IT Infrastructure  
and Technology  
Support Systems

### CLOUD-BASED ERP PLATFORM

At the heart of Dilmah's IT infrastructure is a fully integrated Enterprise Resource Planning (ERP) platform hosted across two enterprise-grade cloud providers. This setup supports essential business functions, including manufacturing, finance, and supply chain operations, while enabling high availability, scalability, and operational efficiency. The cloud-based deployment ensures the Company remains agile and adaptable in a fast-changing global landscape.

### ON-PREMISES INFRASTRUCTURE

Dilmah maintains key on-premises systems that support identity management and data protection. A centralised directory service, synchronised with the cloud identity platform, enables secure and seamless user access across the organisation. Network-attached Storage (NAS) systems ensure local data backup, while critical data is replicated to the cloud to support off-site redundancy and effective disaster recovery readiness.

## DIGITISATION AND AUTOMATION

Digitisation and Automation is another key component of Dilmah's overall IT infrastructure and technology support systems. The Innovation & Digital Business Solutions team drives Group-wide digital transformation initiatives by identifying and implementing process enhancements, automation opportunities, and digital innovations that add strategic value to various operational aspects.

<b>Digitisation / Automation Initiatives - 2024/25</b>	<b>Benefited Business Unit / Department</b>	<b>Key Benefits</b>
Invoice Automation (Property Rent, Electricity, Parking, Water)	Finance	Automated invoice generation, reduce manual errors and processing time
Bank Reconciliation ERP Upgrade (API)	Finance	Improved reconciliation accuracy and faster financial closing
General/Executive Staff Salary Journal Entry ERP Automation	Finance	Reduced manual effort in payroll processing, ensuring accuracy
Invoice Payment Process Automation	Finance	Increased accuracy and speed in invoice payments with automation
QA Certifications Expiry Reminder	QA	Automated tracking of certification expiry, reducing compliance risks
IT Invoice Tracker (SharePoint-Based Workflow)	IT	Simplified invoice tracking with automated SharePoint status updates
Customer Creation Approval	Local Marketing/Finance	Digitised approval process
MJF Foundation Beneficiary Database in SharePoint	MJF Foundation	Digitised beneficiary records, enabling structured data management
Centralised Beneficiary Data Registry (CBDR)	MJF Foundation	Structured, secure, and scalable beneficiary data ecosystem
Balanced Scorecard Framework & Solution Finalisation	All Departments	Departmental KPI alignment; a strategic foundation for performance tracking
Salesforce Discovery, Implementation & Optimisation	All Departments	Cross-regional CRM standardisation; data quality; visibility across sales and services

## RISKS, OPPORTUNITIES AND WAY FORWARD

### Risks

- Rapid technology development may result in the obsolescence of machinery and equipment faster than expected
- Technology Integration demands re-skilling teams, fine-tuning processes, and ensuring compatibility with existing infrastructure, which could create transitional inefficiencies

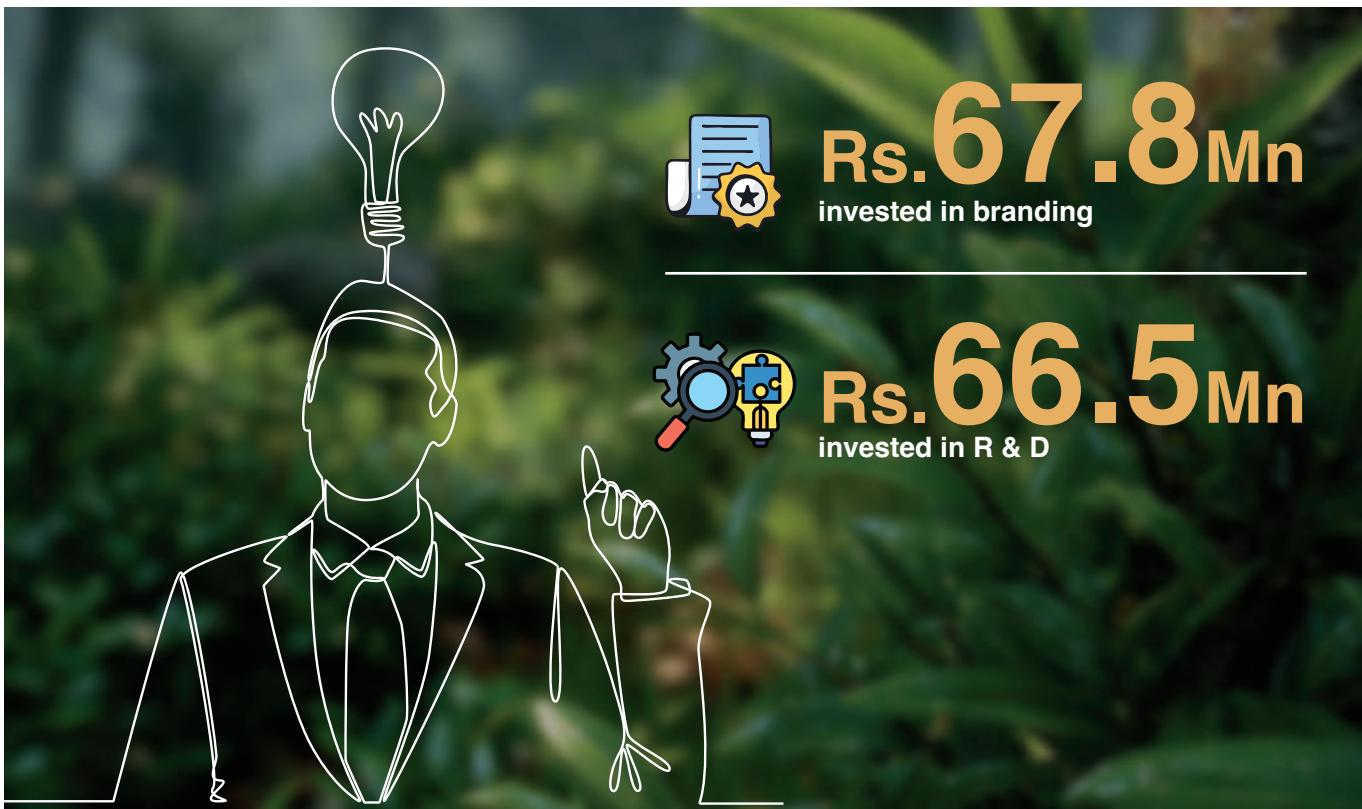
### Opportunities

- Improve asset resilience by accelerating the transition to renewables

<b>Short-Term (1 - 2 years)</b>	<b>Medium-Term (2 - 4 years)</b>	<b>Long-Term (4 - 5 years)</b>
Transition from fossil fuel-powered vehicles to electric: 70% of the vehicle fleet, excluding those used for finished goods and raw material transport.	Replace existing solar panels with new, high-efficiency solar panels, which are expected to generate twice the energy of the current system.	Install 4000 kWp ground-mounted solar system as a major step in its asset decarbonisation strategy.
Install a 1200 kVA Online UPS (Uninterruptible Power Supply) system to ensure a stable, uninterrupted power supply and significantly reducing energy waste during machine start/stop cycles, which can consume three times more energy than normal operation.	Conversion of remaining C23 Tea Bag Packaging Machines to Knotted Thread-based packaging.	



## INTELLECTUAL CAPITAL



A combination of intangible assets continues to shape and strengthen Dilmah's competitive edge across local and global markets. These include a globally respected brand, deep-rooted expertise in tea, a steadfast commitment to ethical business practices, and proprietary systems and processes. Together, they reflect the Company's distinctive identity and enduring value in an evolving marketplace.

### Overview

Intellectual capital is key to Dilmah's competitive edge and sustainability, encompassing its knowledge, expertise, innovation, and reputation. This foundation supports continuous innovation in tea cultivation, processing, branding, and market positioning. With a presence in over 100 countries and success in both the FMCG and HORECA sectors, Dilmah's market leadership stems from its strong focus on innovation and responsiveness to evolving consumer preferences, particularly Gen Z. The brand's commitment to continuous improvement and exceeding customer expectations helps maintain its global reputation and drive growth.



Dilmah employs a comprehensive management approach to enhance its Intellectual Capital, driven by the continuous and ongoing focus on developing intangible assets within the organisation. This strategy involves dual approaches aimed at strengthening each intangible element alongside efforts to enhance the symbiosis between elements, ultimately leading to a more cohesive framework to create and sustain Dilmah's brand differentiation over time.

#### KEY HIGHLIGHTS FOR 2024/25

**Rs. 67.8 Mn**

invested in branding

**35**

new product variants - across 7 ranges

**Rs. 66.5 Mn**

invested in R & D

#### SUSTAINABLE DEVELOPMENT GOALS



#### Stakeholder Outcomes

**Shareholders** - Stronger competitive advantage and market position to boost financial performance and profitability

**Customers** - Consistent high-quality products coupled with the guarantee of ethically produced tea

**Employees** - Opportunities for innovation and knowledge enhancement

#### Outputs for Dilmah

Dilmah was voted New Zealand's Most Trusted Tea Brand for the 9th Consecutive year by Reader's Digest

#### 26th Presidential Export Awards - 2023/2024

- Overall Award – Market Diversified Exporter of the year
- Merit Award - Best Exporter of the Tea Sector (Large)

#### TAGS Awards - 2023/2024

- Silver Award – Food and Beverage Sector – Turnover above LKR 15 Bn

#### BCCS Awards - 2024

- Winner - Top 10 Corporate Citizen 2024
- Category Award Winner - Corporate Environmental Commitment
- Winner – Best Project Sustainability Awards for MJF Charitable Foundation's Small Entrepreneur Programme
- 2nd Runner Up – Award for Planning and Adoption for Resilient Practices
- Certificate: Consistent Commitment and Continuous Improvement - Environment Beyond Business
- Certificate: Consistent Commitment and Continuous Improvement- Customer Relations

#### Sustainability Tracker Awards - 2024

- Winner - High Achiever Award

# INTELLECTUAL CAPITAL

## BRAND LEADERSHIP AND GLOBAL MARKET INFLUENCE

Dilmah's position as a global leader in tea stems from the pioneering vision of its founder, Merrill J. Fernando, whose legacy of unblended tea has transformed the global tea industry. At a time when the global market trended towards blending for commercial gain, thereby diluting origin identity and compromising quality, Dilmah chose to remain unblended, preserving the nuanced characteristics derived from soil, climate, and artisanal processing. In 1988 Dilmah became the first local brand to offer tea that was grown, picked, perfected, and packed at source in Sri Lanka, a tradition that continues to date and remains at the heart of the Dilmah brand identity.

Moreover, Dilmah's vertically integrated model enables the creation of unique offerings such as single estate teas, seasonal teas, and ready-to-drink (RTD) iced teas — products that reflect the purity and integrity of garden-fresh Ceylon tea.

Today, Dilmah is globally recognised not only as a premium tea brand but as a symbol of integrity, quality, and purpose. Dilmah's core values of Taste, Goodness, and Purpose, are encapsulated in the Company's commitment to authentic, origin-grown tea and its ethical approach to business continues to influence global markets, offering a compelling alternative to commoditised tea brands and solidifying Dilmah's place as a trailblazer in the international tea industry.

Over the years, Dilmah has continued to challenge convention and shape global perceptions of tea, elevating it from a commodity to an artisanal experience. Initiatives such as the Dilmah School of Tea, Seasonal Flush collections, and the Tea Gastronomy programme have served to deepen consumer appreciation for the complexity, culture, and versatility of tea. These efforts not only reflect Dilmah's commitment to excellence but also reaffirm the brand's role as a steward of tea heritage and a catalyst for a more equitable, sustainable future in tea.

Dilmah's impact extends beyond the global tea industry to Sri Lanka's national identity and economy. By championing value addition at origin and packing at source, Dilmah has effectively placed Sri Lanka on the world map as a producer of some of the finest teas available, earning the Country global recognition and respect. Today, Dilmah stands as the largest foreign exchange earner for value-added teas in Sri Lanka, contributing significantly to the nation's export economy.



## BRAND RECOGNITION

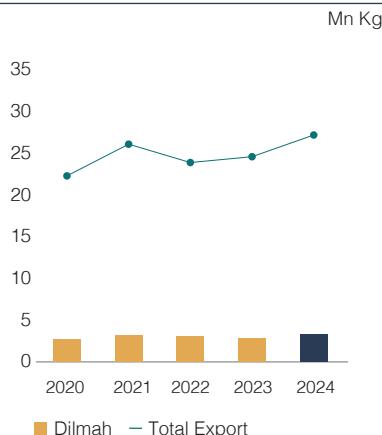
Dilmah, the World's First Producer-Owned Tea brand, has once again been crowned the most trusted brand in New Zealand, an accolade achieved for the 9th consecutive year. The methodology employed by Trusted Brands New Zealand is rigorous and unbiased, making this achievement all the more meaningful. This remarkable achievement reflects the unwavering commitment of Dilmah in delivering the finest taste, goodness and purpose among its loyal customers. The prestigious survey has recognised Dilmah's enduring reputation as a trusted and beloved brand in New Zealand through a procedure involving extensive scoping, where consumers voted to share their opinions on the brands they trust the most. The award has positioned Dilmah to be a Power Brand with admirable trust and good reputation in the industry. Since 1985, Dilmah Founder Merrill J. Fernando has prioritised integrity, quality, authenticity in serving the World's Finest Single Origin Pure Ceylon Tea, sourced purely from the tea gardens amidst the rolling hills of Sri Lanka, directly to consumers' cups.

## Presidential Export Award

Overall Award  
Market Diversified  
Exporter of the  
year



## EXPORTS - TEA BAGS CATEGORY



## THE HEART OF DILMAH TEA

### Integrity

Dilmah teas represent the heritage of Sri Lanka's centuries old tea industry, with its artisanal style of manufacture that has been perfected over millennia making the finest Ceylon Teas, which are indisputably the best in the world. Dilmah continues to honour this legacy by offering tea that delights the senses and preserves the integrity of Ceylon tea for future generations, underscoring the Company's core values - Taste, Goodness and Purpose.



### Authenticity

Dilmah is committed to keeping its teas entirely natural, preserving the inherent goodness that tea offers through its rich antioxidant properties. Believing that there is no better teamaker than nature itself, Dilmah nurtures the unique heritage of *Camellia sinensis* - real tea and the unique terroir of specific origins and in doing so offers genuinely authentic teas that honour the subtle variations of different regions and captures the natural goodness and distinctive character of various regions.



### Quality

At Dilmah, tradition and quality are inseparable, and each cup reflects this enduring standard. As the pioneer of garden-fresh tea packed at source, Dilmah remains firm in its promise to deliver only the finest teas to consumers around the world. From the moment each leaf is handpicked in the Company's own tea gardens, through the artisanal process of manufacture, every batch undergoes rigorous tasting.

### Ethics & Sustainability

Rejecting the commercialisation of ethics, Dilmah stays true to its Founder's Philosophy "to make his business a matter of human service" which was crystallised at a time when ethics and social responsibility were neither as much in the public eye as they are today, nor considered even to be among the responsibilities of business. In keeping with the philosophy of its founder, a minimum of 15% of Dilmah's global annual earnings are channelled to fund the work of the MJF Charitable Foundation and Dilmah conservation. The MJF Charitable Foundation has transformed thousands of lives through access to education, health, community development, care for the eldercare for the elderly and individuals with disabilities, with disabilities, while Dilmah Conservation works to safeguard biodiversity, promote sustainable agriculture, and inspire respect for the natural world.

### Innovation

Dilmah's passion for innovation aims to inspire a new generation of tea appreciation. As a pioneer in redefining the traditional perception of tea, Dilmah has consistently introduced bold, creative approaches to elevate the tea experience beyond the conventional. Signature initiatives such as Tea Gastronomy and Tea Mixology have reimagined tea as a versatile ingredient in fine dining and beverages, enabling chefs and mixologists worldwide to explore its complex flavours in unique and sophisticated ways. Another key aspect that reflects Dilmah's innovative spirit is the Tea Inspiration for the 21st Century, a groundbreaking concept that celebrates tea through culinary expression, pushing the boundaries of how tea is understood, served, and enjoyed.



# INTELLECTUAL CAPITAL

## GRI 2-28 INSTITUTIONAL KNOWLEDGE AND INDUSTRY EXPERTISE

Dilmah has cultivated a robust foundation of institutional knowledge and industry expertise, stemming from the deep understanding and vision of the Company's founder, Merrill J. Fernando. His pioneering approach to tea has been passed down to the current generation of leadership through hands-on experience and a commitment to staying true to Dilmah's core values. While this legacy forms the basis of operational and strategic decisions, it continues to be refined and strengthened through continuous learning and exposure to evolving industry dynamics.

## DILMAH SCHOOL OF TEA

As a thought leader, Dilmah also embraces external talent to expand its influence beyond internal expertise and nurture a sustainable and dynamic ecosystem for culinary excellence. This is the world's first consumer and hospitality tea school, which unlike existing tea training facilities, seeks to educate professionals in the hospitality and culinary industries – those on the 'front lines' of customer service internationally in the art of preparing and presenting tea with an understanding of the attributes of tea. The partnership is designed to inspire passion in tea through knowledge of the artisanal aspects of tea. This programme offers a World Association of Chef's Societies (WACS) recognised culinary education certification. WACS is a World Chef's body consisting of 10 million chefs and the Dilmah School of Tea is the first and only WACS certified Tea School.

In 2024/25 alone, a total of 614 tea-inspired ambassadors were developed through this programme, each contributing to the global recognition of

Dilmah's tea philosophy while serving as a platform for young culinary innovators, both domestically and globally, offering them opportunities to showcase their talents and concepts.

The brand's thought leadership is further demonstrated through publications like *Wisdom in the Leaf and Tea and Your Health*, which highlight the science, culture, and wellness aspects of tea, reinforcing Dilmah's commitment to education and innovation. These elements collectively position Dilmah not just as a tea exporter, but as a global authority in premium, value-added tea.

Furthermore, Dilmah's active memberships and affiliations with various industry-related organisations enhance its knowledge base and industry visibility. These connections enable the Company to stay at the forefront of sectoral trends, regulatory developments, and innovation, further enriching its institutional capabilities while reinforcing its leadership in the global tea industry.

## GRI 2-6 Product Diversity

Dilmah caters to its customers through a diverse and carefully curated product

## DILMAH TEA RANGES

- Dilmah Premium Tea Selection
- Dilmah Ceylon Gold Selection
- Ceylon Golden Pekoe
- Dilmah Ceylon Green Tea
- Flavoured Green Teas
- Exquisitely Flavoured Tea Selection
- Dilmah Infusions
- Arana Natural Herbal Infusion
- Dilmah Organic Selection
- Dilmah Gourmet Tea Selection
- Yum Tea & Herb Inspired Deliciousness
- 4g Family Leaf Tea Bag
- Dilmah Finest
- Dilmah Exceptional Selection
- Dilmah Silver Jubilee Gourmet
- Dilmah Watte Boutique Tea
- t-Series Designer Gourmet Teas by Dilmah
- Dilmah 85 Reserve
- The Teamaker's Private Reserve by Dilmah
- Very Special Rare Tea
- Dilmah Windsor Forest
- Dilmah Gift of Tea
- Dilmah Iced Tea
- Dilmah Elixir of Ceylon Tea
- Wild Island



## MEMBERSHIPS AND AFFILIATIONS

- WORLD ASSOCIATION OF CHEF'S SOCIETIES (WACS)
- INTERNATIONAL CHAMBER OF COMMERCE SRI LANKA
- THE CEYLON CHAMBER OF COMMERCE
- COLOMBO TEA TRADERS ASSOCIATION
- SRI LANKA INDONESIA BUSINESS COUNCIL
- SRI LANKA RETAILERS' ASSOCIATION
- EXPORT DEVELOPMENT BOARD
- SRI LANKA TEA BOARD
- BOARD OF INVESTMENT OF SRI LANKA
- ECOVADIS CORPORATE
- SMETA SEDEX

range offering a wide spectrum of choices to suit varying palates and lifestyles across global markets. From traditional Ceylon black teas to green teas, herbal infusions, artisanal teas, and wellness blends, Dilmah products resonate with all customer segments from connoisseurs seeking single-estate teas to casual tea drinkers exploring flavoured or functional options.

#### NEW PRODUCT DEVELOPMENT

To remain aligned with the evolving tastes and expectations of its international customer base, Dilmah continuously refreshes its portfolio through the introduction of new offerings. These innovations are often inspired by consumer insights, emerging health and wellness trends, and culinary developments, and are supported by Dilmah's own expertise in tea gastronomy and mixology. Limited edition seasonal flushes, unique flavour combinations, and purpose-driven collections such as wellness teas or climate-positive blends are examples of how Dilmah keeps its range relevant, exciting, and reflective of contemporary consumer values. In 2024/25, a total of 35 new product variants were introduced across 7 ranges.



VSRT in 8 variants

#### VERY SPECIAL RARE TEAS

There is a story of natural biodiversity and craftsmanship behind every fine tea and the distinctive taste and character in each traditional, orthodox tea that maintains purity of origin are framed in the passion and artisanship that customers around the world value. Grown and harvested only when nature permits, the Very Special Rare Teas elegantly express that art and the fingerprint of nature, and it perfectly aligns with the 21st century notion of conscious, natural luxury.



Aqua in 8 variants



Paradise Collection in 10 variants

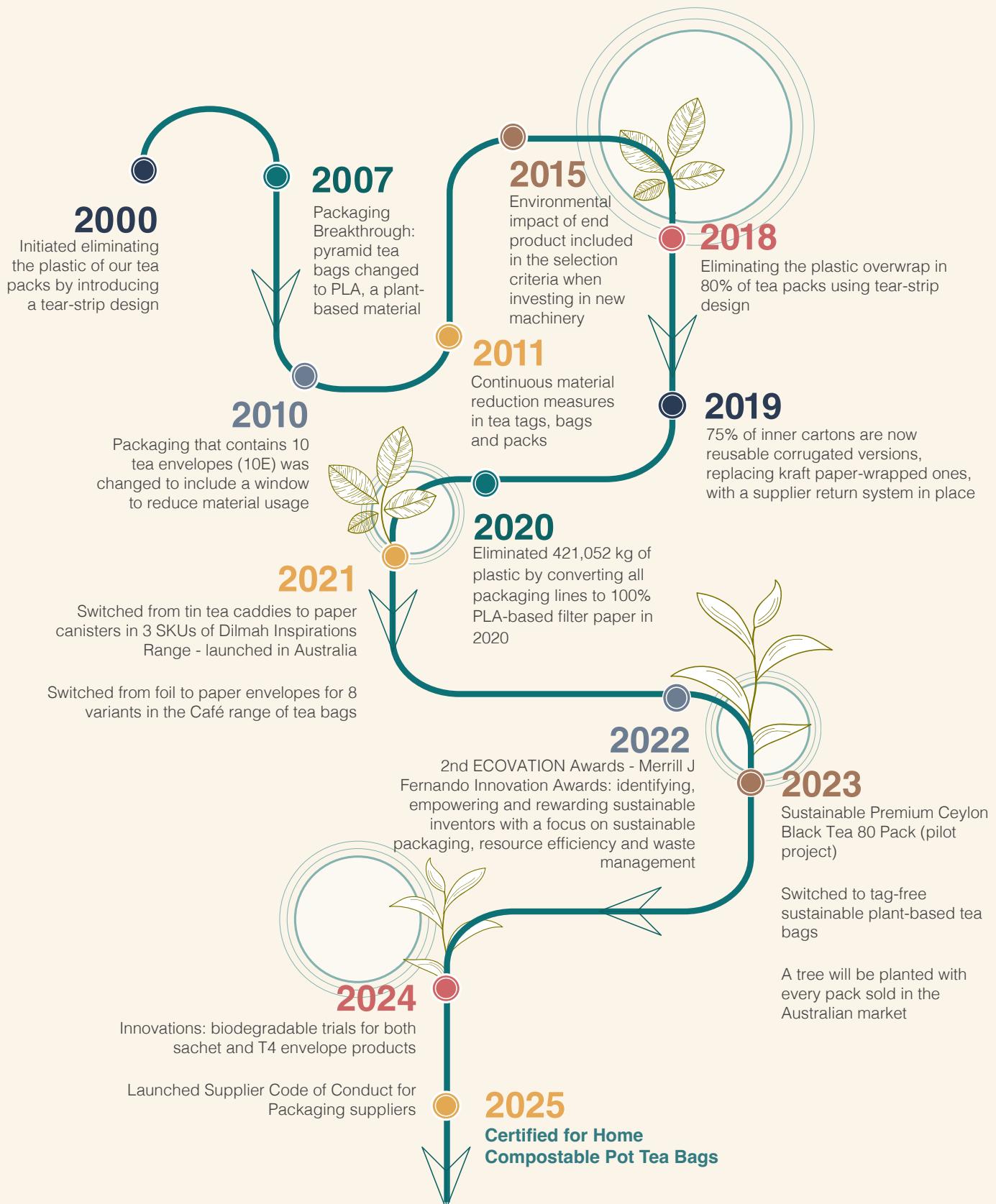
# INTELLECTUAL CAPITAL



## RESEARCH AND DEVELOPMENT

Dilmah's commitment to Research and Development (R&D) is driven by a holistic approach that integrates product innovation, process optimisation, and sustainability, all anchored in a deep understanding of consumer needs and global market dynamics. R&D at Dilmah prioritises the creation of unique tea blends incorporating herbs, spices, and natural flavours to cater to niche markets and the growing demand for health-conscious options. These efforts are informed by comprehensive market and consumer research, enabling the development of teas that resonate with diverse demographics and evolving preferences, including wellness, organic, and ethically sourced products.

The company continuously refines its internal processes through data-driven decision-making and business intelligence systems. These tools provide valuable insights into operational, financial, and market data, helping improve strategic planning, efficiency, and performance monitoring. A key pillar of Dilmah's R&D strategy is sustainable packaging. Ongoing efforts focus on identifying alternative materials to reduce non-recyclable content and achieve 100% biodegradable packaging. These innovations have already led to minimalist, food-safe designs, with 80% of tea packs now featuring tear-strips that reduce material usage, enhance cost-efficiency, and minimise environmental impact.



# INTELLECTUAL CAPITAL

## R & D Highlights for 2024/25

### Operational Waste Reduction & Productivity Enhancement

Using Root Cause Analysis, Lean Six Sigma, and cross-functional collaboration, this initiative streamlined manufacturing by eliminating non-value-adding activities and enhancing machine performance, in turn directly supporting quality enhancement and continuous process improvement, promoting operational excellence and productivity.



### Ink Consumption Optimisation & Eco-friendly Printing

By applying experimental trials, linear programming, and simulation modelling using analytics technology, this project optimised ink usage, reduced chemical waste, and reinforced circular economy principles.



### Glue Usage Optimisation in Carton Packaging

This project was aimed at improving the process for boxboard gluing by recalibrating operating parameters, lowering glue viscosity temperatures, and enhancing bond strength. The result was reduced energy use, material savings, and improved product quality.



### Eco-Efficient Paper Packaging for Sealing Efficiency

The project introduced new substrates for low-temperature sealing, reducing energy consumption, thermal emissions, and equipment wear, thereby directly contributing to sustainability goals, material innovation, and process optimisation.

### Resource Optimisation via Packaging Innovation

The standardisation of packaging designs to minimise volume and board usage boosted container fill rates and streamlined packing efficiency, leading to a reduction in packaging materials.

Filter Paper Related  
**1 Project**

Overwrapping/ Envelope Related  
**1 Projects**

Other Materials Related  
**4 Project**

## KEY MILESTONE IN PACKAGING INNOVATION - HOME COMPOSTABLE POT TEA BAGS

Each year, Dilmah invests substantially in research and innovation to advance its goal of achieving 100% biodegradable packaging, focusing on the development of tea bags and packaging materials that are fully compostable in both home and industrial settings.

Following years of research by the Company's Quality Assurance team, Dilmah achieved a key milestone in the current year by obtaining globally recognised home and industrial compostability certifications from both the Australasian Bioplastics Association (ABA) and DIN CERTCO for its Pot Tea Bag/Tag-Free Tea Bag range. The certification which was awarded after rigorous internal testing, followed by external verification by the internationally respected laboratory DIN CERTCO, stands as a major achievement in Dilmah packaging innovation journey and places Dilmah as one of the first in the value-added tea sector to secure a home compostability certification for a tag-free tea bag. As a result, Dilmah is now eligible to use five globally recognised compostability logos on its pot tea bag packaging, showcasing its leadership in sustainable packaging solutions and its unwavering commitment to reducing environmental impact.



Home Compostable – ABA / Seedling – ABA / Home Compostable - DIN CERTCO / DIN-Geprüft Industrially compostable - DIN CERTCO / Keimling Seedling - DIN CERTCO

## CULINARY INNOVATIONS

Dilmah has taken a proactive approach to counter the tea industry's growing trend of commoditisation by focusing on the value of premium-quality tea. The brand offers consumers pure, unblended tea that is carefully sourced, refined, and packed at its origin, ensuring an authentic and elevated tea experience. This commitment is reflected in various creative ventures such as tea-inspired gastronomy, mixology, and the groundbreaking "Tea Inspiration for the 21st Century" initiative. Beyond its own innovations, Dilmah actively supports external talent by organising and sponsoring events that provide a platform for emerging culinary creators to present their ideas. These efforts particularly target young chefs and mixologists, both in Sri Lanka and internationally. As a hub of knowledge and collaboration, Dilmah encourages engagement from a wide range of stakeholders, creating mutual value. By integrating external ideas and expertise, the brand not only enhances its own offerings but also fosters a thriving, sustainable environment for culinary creativity. The next section outlines key culinary innovations from the 2024/25 period.



Sea bream tartare with lime, fine tangy apple and elderberry jelly, paired with Silver Jubilee Elderflower & Apple Infusion.



Green Gin with Moroccan Mint Green Tea at the Natural Luxury Sommelier Challenge



Raw cocoa macaron with Grand Cru dark chocolate ganache & almonds, paired with Silver Jubilee Almond Infused Ceylon Pekoe



'Cup of Kindness' at the Dilmah Tea Mixology Playoff



'Tea of Life' at the Dilmah Tea Mixology Playoff



Dilmah Original Earl Grey paired with Ginawan Giant Prawn at the Natural Luxury Sommelier Challenge

# INTELLECTUAL CAPITAL

## STANDARDS AND CERTIFICATIONS

Standards and certifications serve as essential tools for risk management by embedding globally recognised principles for identifying, assessing, and mitigating risks across product quality, environmental responsibility, ethical sourcing, and workplace safety. Certifications also support Dilmah's commitment to continuous improvement, enabling it to stay responsive to evolving consumer expectations and global market demands, thereby enabling the Company to maintain high levels of operational efficiency and regulatory compliance, while also building trust among consumers and stakeholders.

## STRATEGIC PARTNERSHIPS

Dilmah leverages strategic partnerships and joint ventures to strengthen its global presence and enhance brand value. Collaborations with leading retailers expand distribution and make Dilmah's premium teas more accessible to diverse markets, while also boosting brand visibility and customer engagement through targeted marketing.

Partnerships with luxury hotel chains and airlines further reinforce Dilmah's premium positioning, offering curated tea experiences that align with the highest hospitality standards. These alliances elevate the brand's image and deliver on its promise of quality and excellence.

To support the growth of its Ready-To-Drink (RTD) segment, Dilmah also partners with specialised beverage companies that possess the expertise and distribution infrastructure required for this niche. These partnerships collectively ensure market expansion, increased consumer reach, and sustained brand relevance in an evolving global landscape.

## STANDARDS AND CERTIFICATIONS OBTAINED BY DILMAH

### QUALITY MANAGEMENT CERTIFICATION

ISO 9001:2015 Quality Management System Certification



### FOOD SAFETY MANAGEMENT CERTIFICATION

FSSC 22000 Food Safety System Certification

BCG Global Standard for Food Safety



### LABORATORY ACCREDITATION CERTIFICATION

ISO 17025 Chemical and Microbiological Laboratory Certification of Accreditation



### ENVIRONMENTAL RELATED CERTIFICATION

ISO 14001:2015 Environmental Management System, ISO 14046:2014 Water Footprint Verification, ISO 14064-1:2018 Greenhouse Gas Verification



### ETHICAL SOURCING AND RESPONSIBLE OPERATIONS RELATED CERTIFICATIONS

Rainforest Alliance Chain of Custody Certification  
SMETA SEDEX Members Ethical Trade Audit



### PRODUCT CERTIFICATION

#### Organic Certifications

USDA, AMS 7 CFR Part 205, National Organic Programme  
Regulation (EC) No 834/2007 and Regulation (EC) No 889/2008  
Japanese Agricultural Standard of Organic Agricultural Products (JAS)

Kosher Certification

Halal Certification



## RISKS, OPPORTUNITIES AND WAY FORWARD

### Risks

- Increasing pressure to adopt sustainable packaging solutions, as sustainability becomes a fundamental expectation for products and brands
- Fierce competition from well-established global leaders
- Operating in more than 100 countries presents complexities in maintaining consistent brand standards, navigating diverse regulations, and responding effectively to varied market conditions

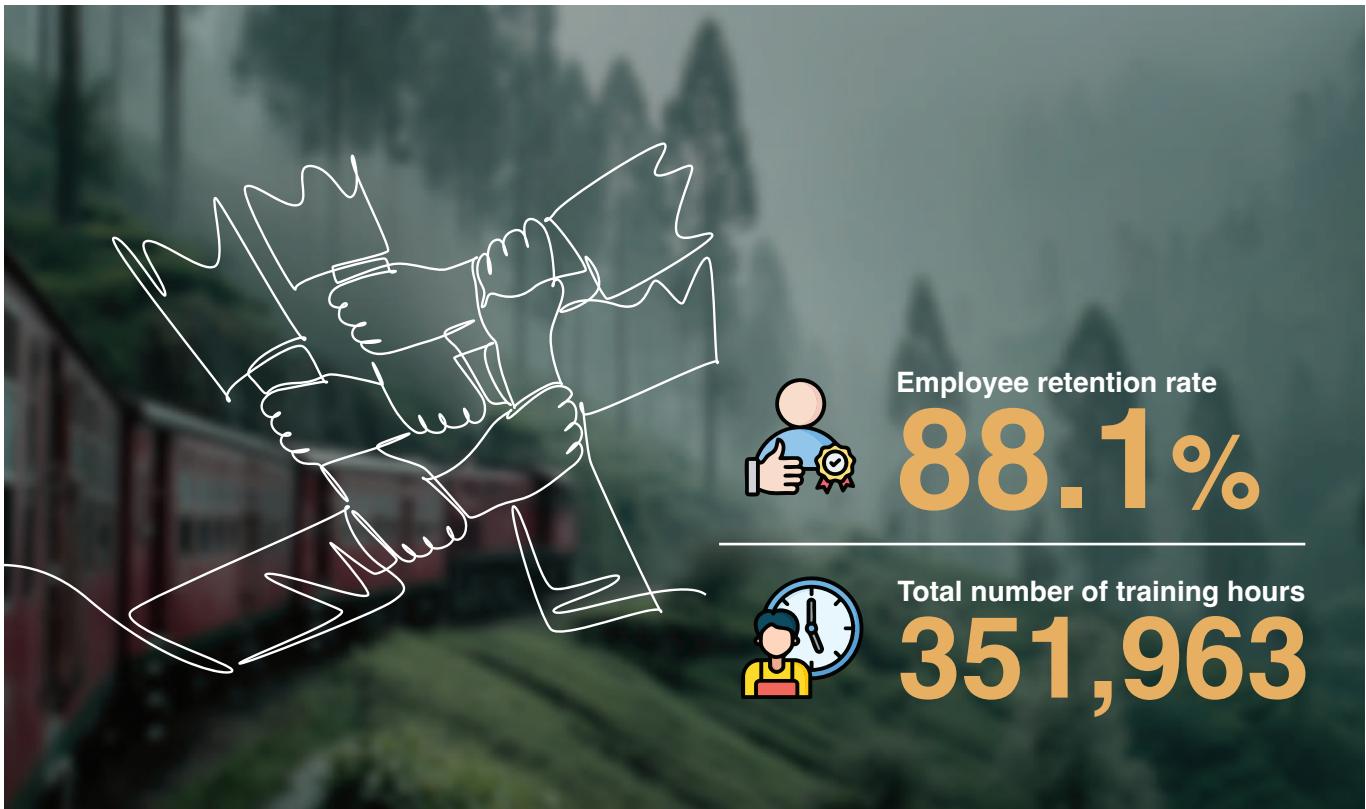
### Opportunities

- Global growth of the luxury product segment
- Growing global focus on health and wellness

Short-Term (1 -2 years)	Medium-Term (2 -4 years)	Long-Term (4 - 5 years)
<ul style="list-style-type: none"><li>• Accelerate compliance with sustainable packaging expectations by expanding the use of certified compostable materials and increasing the visibility of compostability logos on packaging.</li><li>• Strengthen brand consistency by developing centralised brand guidelines and conducting regional audits to ensure alignment across all markets.</li><li>• Leverage health and wellness trends through focused marketing campaigns highlighting tea's natural health benefits, supported by science-based content.</li></ul>	<ul style="list-style-type: none"><li>• Increase investment in product innovation aligned with the luxury segment, such as premium single-origin collections, wellness-infused teas, and curated tea gift sets.</li><li>• Develop a global regulatory response framework to manage compliance efficiently across diverse markets.</li><li>• Expand strategic partnerships and sponsorships to reinforce brand authority in the premium and wellness spaces, particularly through culinary, hospitality, and wellness sectors.</li></ul>	<ul style="list-style-type: none"><li>• Establish Dilmah as a global thought leader in sustainable, ethical luxury by embedding sustainability, wellness, and authenticity at the core of its brand DNA.</li><li>• Localise manufacturing or packaging hubs in key regions to improve agility, reduce environmental impact, and navigate regulatory complexities.</li><li>• Create an innovation accelerator programme to co-develop health-focused tea products and sustainable packaging solutions with startups and research institutions.</li></ul>



## HUMAN CAPITAL



At the heart of Dilmah's daily operations and long-term success is its diverse and dedicated workforce - a team of 822 passionate individuals who embody the values of quality, authenticity, and purpose. Their talent, commitment, and shared belief in the Company's founding philosophy make them true stewards of Dilmah's purpose-led mission, driving resilience, innovation, and sustainable growth.

### Overview

As a leading value-added tea producer, Dilmah understands that its people are the driving force behind its innovation, quality, and operational excellence. In essence a strong, capable and reliable Human Capital serves as the foundation for the Company's sustained success and competitive advantage.



Dilmah's 360-degree approach for managing Human Capital focuses on talent attraction, development, retention, employee engagement, and occupational health and safety (OHS). This holistic approach aims to create an empowered and high-functioning workforce capable of spearheading the Company's growth trajectory.



#### KEY HIGHLIGHTS FOR FY 2024/25

**76** new recruits

**83** promotions

**Dilmah Internship Programme (DIP)**  
to international candidates

Launch of  
**Vitalitea Fitness Centre**

**50** Long Service  
Award recipients

**351,963** hours of  
training

#### Stakeholder Outcomes

**Employees** - Enhanced skills, career progression, job satisfaction, and a safe working environment, fosters loyalty and high morale leading to improved productivity and brand leadership

**Customers** - Enhanced customer experience due to the expertise and commitment of a well-trained and motivated workforce

**Community** - Employment opportunities and economic development for local communities

#### Outputs for Dilmah

**88.1%** employee retention rate

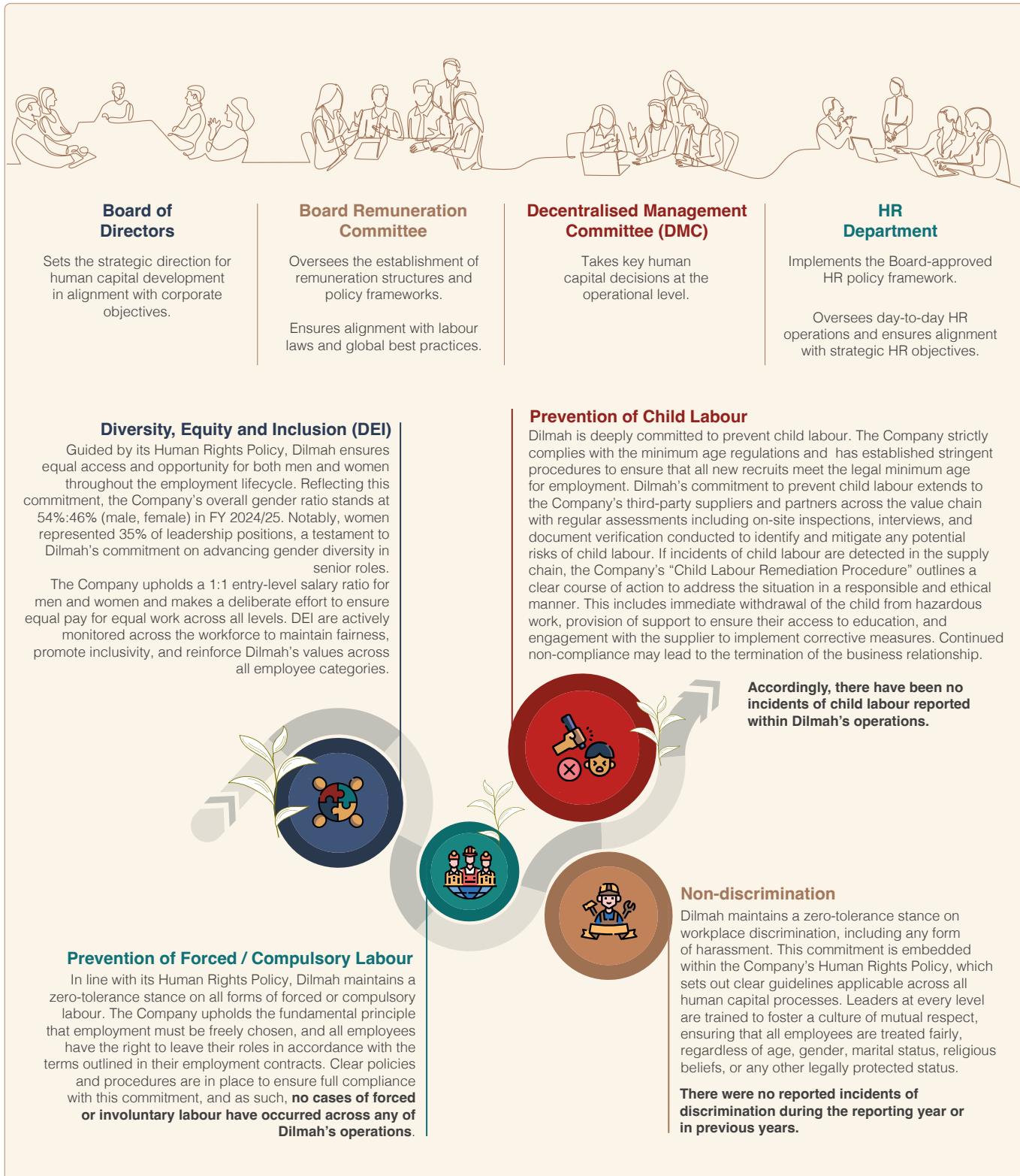
**55.8%** employees serving the Company for over 5 years

#### SUSTAINABLE DEVELOPMENT GOALS



# HUMAN CAPITAL

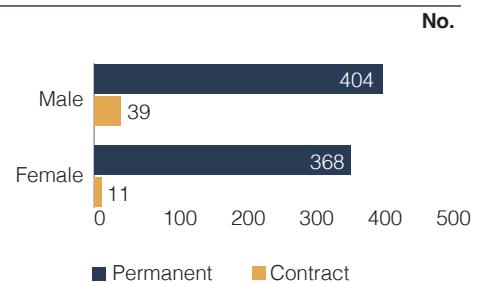
## HR GOVERNANCE STRUCTURE GRI 2-23, 2-24, 406-1, 408-1, 409-1



## REGULATORY COMPLIANCE

- Shop and Office Employees (regulation of employment and remuneration) Act
- Maternity Benefits Ordinance
- Workmen's Compensation Ordinance
- Employment of Women, Young Persons and Children Act
- Convention against Torture and other Cruel, Inhumane or Degrading Treatment or Punishment Act
- Convention on the Suppression of Terrorist Financing Act
- International Covenant on Civil and Political Rights (ICCPR) Act
- Protection of the Rights of Persons with Disabilities Act

## EMPLOYEE BY TYPE AND GENDER



GRI 2-7, 2-8, 405-1

### Employees by Category and Gender

CATEGORY	MALE	FEMALE	TOTAL
Executive Directors (Level 1)	5 (100%)		5
Senior Managers (Level 2)	12 (57%)	9 (43%)	21
Middle Managers (Levels 3 & 4)	68 (63.5%)	39 (36.5%)	107
Executives (Level 5 & 6)	37 (40.2%)	55 (59.8%)	92
Clerical and Allied	135 (83.3%)	27 (16.7%)	162
Worker - Permanent	186 (42.7%)	249 (53.3%)	435
Total	443	379	822

### Employees by Type, Region and Gender

REGION	Permanent		Contract		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Western Province	262	221	31	10	524
Southern Province	16	13	1	0	30
Central Province	26	21	5	0	52
Northwestern Province	12	11	0	0	23
North Central Province	16	13	0	0	29
Eastern Province	4	9	0	0	13
North Province	1	0	0	0	1
Uva Province	34	32	1	0	67
Sabaragamuwa Province	33	48	1	1	83
Total	404	368	39	11	822

### Employees by Age and Gender

AGE GROUP	MALE	FEMALE	TOTAL
18 - 30 years	80	155	235
31 - 50 years	244	160	404
51 and above	119	64	183
Total	443	379	822

# HUMAN CAPITAL

Employees by Category and Age				
CATEGORY	18 – 30 years	31 - 50 years	51 and above	Total
Executive Directors (Level 1)	0	1 (20%)	4 (80%)	5
Senior Managers (Level 2)	0	7 (33.3 %)	14 (66.7%)	21
Middle Managers (Level 3,4)	11 (10.2%)	74 (69.2%)	22 (20.6%)	107
Executives (Level 5,6)	39 (42.4%)	36 (39.1%)	17 (18.5)	92
Clerical and Allied	44 (27.2%)	92 (56.8 %)	26 (16.0%)	162
Worker - Permanent	141 (32.4%)	194 (44.6%)	100 (23.0%)	435
<b>Total</b>	<b>235</b>	<b>404</b>	<b>183</b>	<b>822</b>

Note : All employees are full time and included in the payroll

## GRI 401-1, 202-2 FAIR AND EQUITABLE RECRUITMENT AND RETENTION STRATEGIES

Dilmah's recruitment approach is strategically designed to attract, select, and retain top talent that aligns with the Company's long-term objectives. Guided by a comprehensive Recruitment Policy, the Company focuses on merit-based hiring. The Recruitment Policy covers all employee categories, from Executive, Clerical and Allied to Casual Workers.

## DILMAH'S STRUCTURED APPROACH TO RECRUITMENT

### Evaluation of Staffing Requirements

Unit Heads evaluate current and future staffing needs within their departments and identify any gaps based on business priorities.

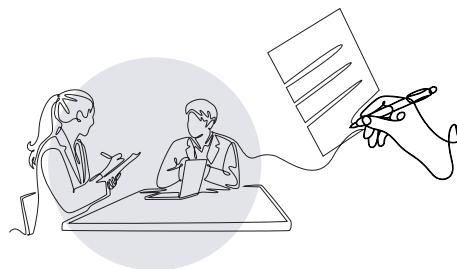


### Development of Job Descriptions

Based on the recruitment requests, the HR Department compiles precise job descriptions, incorporating required skills, responsibilities, and role expectations to guide the selection process.

### Preparation of Cadre Plan and Budget

The HR Department prepares an annual cadre plan and recruitment budget aligned with operational and strategic goals. The plan is reviewed and approved by the Board of Directors to ensure alignment with long-term corporate objectives.



### Approval of Recruitment

The proposed recruitment is reviewed and approved either by the Chairman or the Deputy Chairman depending on the level of the role and budget considerations, ensuring alignment with corporate governance and workforce planning.

### Submission of Recruitment Requests

Unit Heads submit detailed recruitment requests to HR, outlining the justification for the role, required competencies, qualifications, and key accountabilities. This ensures clarity and alignment with the approved cadre plan.



### Recruitment Execution

Following approval, the HR Department executes the recruitment process through internal and/or external channels. The process includes screening, interviews, and final selection, with a focus on merit-based hiring and cultural fit.

Recruitment for the executive cadre is primarily carried out through online job postings, professional recruitment agencies, and internal referrals. Similar methods are used for hiring clerical and allied categories supplemented by more traditional approaches such as newspaper advertisements. Dilmah also strongly encourages internal mobility by inviting existing employees to apply for vacant positions, fostering career growth and long-term retention.

An important source of new talent for Dilmah is the ongoing Internship Programme (DIP), which targets students from universities and technical colleges across Sri Lanka. This paid internship initiative provides participants

with hands-on industrial training designed to complement academic knowledge. The programme has proven to be an effective pipeline for attracting skilled, job-ready candidates with minimal lead time, thereby strengthening the Company's external talent pool.

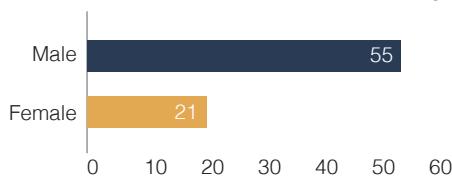
Dilmah further strengthened its partnerships with leading educational institutions by signing Memorandum of Understanding (MOUs) with the University of Kelaniya and the University of Jaffna, and by engaging in ongoing discussions with Korea Tech to expand its internship programme, thereby creating a platform for the early identification of high-potential talent and facilitating their seamless transition into Dilmah's workforce.

In line with its commitment to diversity and innovation, Dilmah also extended internship opportunities to international candidates in the current year.

Dilmah values the commitment and loyalty of its employees, which is reinforced by a strong benefits package featuring competitive salaries and an engaging work environment. This has led to impressive employee retention, with 88.1% remaining with the company and a turnover rate of just 11.9% of the employees who are in the permanent cadre over one year during the reporting period. As much as 95.3% of senior management cadre is recruited locally from Sri Lanka.

#### NEW HIRES BY GENDER

No.



#### New Hires by Age Group & Gender

EMPLOYEE	MALE	FEMALE
18 - 30 Years	18 (60%)	12 (40%)
31 - 55 years	27 (75%)	9 (25%)
56 and above	10 (100%)	0

#### New Hires by Region and Gender

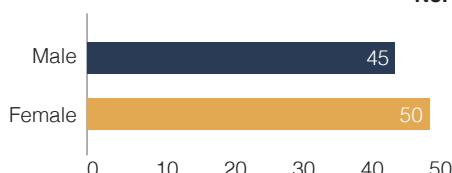
#### EMPLOYEES

MALE FEMALE

Western Province	36 (73.5%)	13 (26.5%)
Southern Province	4 (80%)	1 (20%)
Central Province	4 (66.7%)	2 (33.3%)
North Western Province	2 (100%)	0
North Central Province	1 (100%)	0
Eastern Province	1 (100%)	0
Sabaragamuwa Province	2 (40%)	3 (60%)
Uva Province	5 (71.4%)	2 (28.6%)

#### TURNOVER BY GENDER

No.



#### Employee Turnover by Age and Gender

MALE FEMALE

18 - 30 Years	15 (36.6%)	26 (63.4%)
31 - 55 years	28 (57.1%)	21 (42.9%)
56 and above	2 (40.0 %)	3 (60.0%)

# HUMAN CAPITAL

Employee Turnover by Region and Gender	EMPLOYEES	
	MALE	FEMALE
Western Province	28 (44.4%)	35 (55.6%)
Southern Province	2 (50.0%)	2 (50.0%)
Central Province	2 (50.0%)	2 (50.0%)
North Western Province	1 (50.0%)	1 (50.0%)
North Central Province	5 (71.4%)	2 (28.6%)
Sabaragamuwa Province	4 (40.0%)	6 (60.0%)
Uva Province	3 (60.0 %)	2 (40.0%)

## ONBOARDING

Following Dilmah's carefully structured recruitment process, the Company ensures that every new hire is welcomed into the organisation with equal care and intention. The onboarding journey is designed to foster early connection, alignment, and belonging, beginning even before an employee's first day at work.

**A Warm Welcome from Day One**  
At Dilmah, onboarding starts well before a new employee enters the workplace. Each new team member receives a personalised welcome email, introducing them to the Company's culture and values. Simultaneously, customised welcome messages are shared with colleagues to build early rapport and familiarity. To further strengthen this sense of inclusion, all new hires are featured on the Digital Notice Board, making their arrival visible across the organisation and encouraging cross-functional connection from the outset.

**Orientation: Building Foundations for Success**  
On their first day, all new employees participate in an orientation programme conducted by the HR Department. This session provides a comprehensive overview of Dilmah's structure, key departments, policies, and workplace culture. To enhance the learning experience, employees also receive an email invitation granting access to the MJF Academy, a digital knowledge platform that features a welcome message from the Chairman, pre-recorded induction sessions, highlights of Company initiatives, and access to relevant policies and procedures.



### Meet and Greet with the Chairman

Reflecting the Company's commitment to transparent and inclusive leadership, newly appointed executive staff are invited to a special "Meet and Greet" session with the Chairman. This informal gathering allows new recruits to gain first-hand insight into Dilmah's mission, vision, and values, while fostering a sense of personal connection to the Company's leadership.

In addition, during the Company's Town Hall Meetings, the Chairman personally introduces newly appointed Heads of Departments (HODs) to the wider team. This reinforces leadership visibility and strengthens interdepartmental engagement, encouraging open communication across all levels.

Beyond the general orientation, departmental-level familiarisation is carried out to introduce new employees to key personnel and processes specific to their functions, ensuring seamless integration into their respective teams.

For operational-level employees, the relevant departments conduct detailed orientation sessions focusing on core operational processes, safety protocols, quality benchmarks, and behavioural expectations to ensure a strong understanding of the workplace environment from day one.

## GRI 202-1, 401-2, 401-3, 403-6 REMUNERATION AND BENEFITS

Dilmah's remuneration and benefits framework is designed to attract, retain, and motivate talent, while also fostering long-term employee engagement and Company success in a competitive industry. All remuneration structures ensure fair and adequate compensation based on employees' skills, experience, and role requirements.

To maintain market competitiveness, the Remuneration Committee conducts annual market salary surveys in collaboration with external experts. The insights from these surveys are presented to the Board, along with recommendations for necessary adjustments that reflect prevailing market dynamics.

Performance also plays a key role in shaping compensation. Annual increments are awarded based on individual performance ratings, ensuring that employees are recognised and rewarded for their contributions.

For manual operators, salaries are guided by the minimum wage stipulations outlined by the respective Wages Board Ordinances. While aligned with regulatory requirements, Dilmah goes beyond compliance by benchmarking wages against industry standards. Findings from the latest market survey revealed that the Company's minimum wages are as almost as double the local minimal wage, underscoring Dilmah's ongoing commitment to providing fair and competitive compensation across all employee categories.

## BENEFITS OFFERED TO PERMANENT EMPLOYEES

### FRINGE BENEFITS

- Bonus payments
- Production incentives
- Attendance allowance
- Welfare Shop Facility - Offering essentials at concessionary rates
- Welfare loan schemes, housing loans, and special grants from the Empathy Fund
- Death donation scheme and thrift society membership
- Scholarships, school books, and uniform distribution for employees' children
- In-house hostel and kitchen facilities for staff convenience
- Nutritious breakfast meals and snacks
- Free tea quota and staff tea sales
- Staff transport facilities
- Laundry services, uniforms, and overcoats for operational staff
- Recognition and Rewards Programs

### MINDFULNESS & WELL-BEING

- Yoga Sessions – guided sessions to enhance mental clarity and relaxation
- Badminton, table Tennis & Cricket – recreational sports to promote teamwork and active living
- Box Fit Training – high-energy sessions to build strength and endurance
- Vitalitea Fitness Centre – a state-of-the-art facility to support individual fitness goals
- Well-being awareness sessions – conducted with external experts on stress management, mental health, and lifestyle tips



### HEALTHCARE

- Free Annual Medical Screenings - non-communicable diseases screenings for employees aged 45 and above
- Free medical clinics - conducted periodically within the premises for early detection and treatment
- Medical leave - provided in accordance with government regulations, supporting employee recovery and family needs
- Hospitalisation Insurance Coverage - comprehensive coverage for inpatient medical expenses for employees and their families
- OPD Reimbursement - support for outpatient medical expenses, ensuring access to regular healthcare
- Support for outpatient medical expenses, ensuring access to regular healthcare
- Health Awareness Campaigns - awareness programmes on noncommunicable diseases, nutrition, and overall health

# HUMAN CAPITAL

## MEDICAL INSURANCE AND HEALTH BENEFITS

Dilmah provides comprehensive medical insurance for employees and their families, including OPD reimbursement and hospitalisation coverage. In line with its commitment to preventive healthcare, the Company conducted a free annual medical screening campaign for employees aged 45 and above, and offered discounted rates for others. Body Mass Index (BMI) assessments were also introduced to promote awareness of personal health and encourage wellness among the workforce.



## RECREATIONAL AND FITNESS PROGRAMMES

Through the MJF Fitness Club, Dilmah supports employee well-being with regular recreational activities such as yoga, badminton, and indoor cricket. In 2024, the Company opened the Vitalitea Fitness Centre—a modern facility offering convenient access to fitness resources. A fitness community was also established to promote healthy lifestyles, complemented by monthly awareness sessions on nutrition and sustainable health practices.



## SUSTAINABLE LIVING SUPPORT

Dilmah encourages employees to adopt eco-friendly lifestyles. One notable initiative is the rooftop home gardening project led by factory hostellers, with support from Dilmah conservation and Agriculture Innovation Nucleus. This project has enhanced nutrition, relaxation, and self-sufficiency among participating employees.

## MJF MINIMART

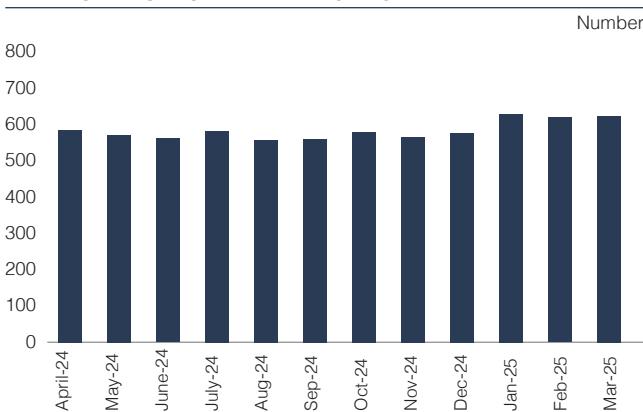
Now in its second year, the in-house MJF Mini Mart offers employees essential goods at concessionary prices, easing daily expenses. It also strengthens workplace morale through regular raffles and giveaways, featuring prizes such as home appliances and hampers.



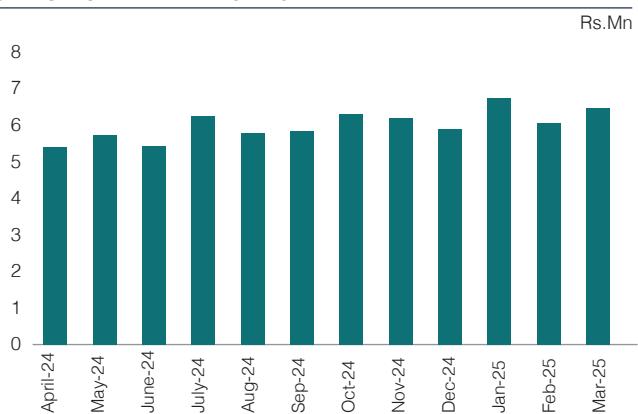
## EMPLOYEE LOAN FACILITIES

Dilmah extends a variety of interest-free and low-interest loan schemes—including housing, thrift, and welfare loans—to support employees' financial stability. During the year, loan limits were increased and new categories were introduced, such as loans for pawning gold jewellery, offering dignified solutions in times of urgent need.

### BENEFICIARIES - MJF MINI MART 2024/25



### SALES - MJF MINI MART 2024/25



<b>Parental Leave</b>	<b>2024/25</b>
In compliance with the Shop and Office Employees Act of 1954, female employees are entitled to 84 days paid maternity leave, post-delivery as well as half-hour nursing time for a period of 2 hours per day after returning to work till the baby turns one year.	
Total number of employees that were entitled to parental leave	7
Total number of employees that took parental leave	7
Total number of employees that returned to work in the reporting period after parental leave ended	3
Total number of employees that returned to work after parental leave ended and were still employed 12 months after their return to work	3
Return to work and retention rates of employees that took parental leave	42.9%

### GRI 404-3 PERFORMANCE MANAGEMENT

An effective performance evaluation process plays a vital role in building a strong, capable, and committed workforce aligned with Dilmah's current and future needs. Hence the Company views performance evaluation not merely as an administrative exercise, but as a strategic tool to drive excellence, nurture talent, and cultivate a high performance culture.

Striving to maintain fairness and consistency across the organisation, Dilmah employs a structured Performance Evaluation (PE) process to assess the performance and progress of all employee categories.

For executive-level employees, performance is assessed through the Employee Performance Management System, integrated within the Human Resource Information System (HRIS). This system evaluates performance based on clearly defined Key Performance Indicators (KPIs) and Key Behavioural Indicators (KBIs), with a strong emphasis on managerial competencies and alignment with Dilmah's core values. The

process includes personalised one-on-one feedback discussions between employees and their reporting managers, aimed at recognising achievements, identifying development needs, and setting future goals.

Non-executive staff in clerical and allied roles participate in a formal appraisal process focused on assessing job-specific technical competencies. These evaluations also include individual review sessions that encourage open dialogue and support career progression within their functional areas.

For manual workers, Dilmah is currently rolling out a structured performance evaluation system via the HRIS platform. The first stage involves mapping role-specific skill requirements and developing tailored skill templates. Evaluations are then conducted based on these criteria, ensuring objective assessment and alignment with operational expectations.

The outcomes of the performance evaluation process are directly linked to Dilmah's reward and recognition mechanisms. All employees receive

annual salary increments and bonuses, with the percentage of increments varying based on performance ratings. High performers are further considered for promotional opportunities, reinforcing the organisation's commitment to meritocracy and long-term employee growth.

100% of Male and Female in each employee category received the Performance Evaluation Bi-annually and 83 employees were promoted during the reporting year.



#### WAY FORWARD:

The Balanced Scorecard (BSC) is a strategic performance management tool that evaluates organisational performance through four key perspectives:

- Financial** – assesses profitability, cost control, and return on investment.
- Customer** – measures customer satisfaction, retention, and market positioning.
- Internal Processes** – evaluates operational efficiency and quality of internal workflows.
- Learning & Growth** – focuses on employee development, innovation, and capacity building.

This holistic approach ensures all employees are aligned and actively engaged in tracking and improving their performance, fostering a shared responsibility towards achieving the common goals of the company.

BSC Special training for the Senior Managers/ Managers will be launched in the next financial year.

# HUMAN CAPITAL

## GRI 404-1,404-2 TRAINING AND DEVELOPMENT

Recognising training and development as a critical tool in building a skilled, adaptable, and future-ready workforce, Dilmah adopts a strategic and structured approach to meet both organisational and individual development needs, with a focus on enhancing technical expertise, strengthening soft skills, and supporting continuous professional growth across all employee categories.

Training needs are identified through a combination of departmental assessments and performance evaluations. Based on these insights, individual development plans are created to address competency gaps and align learning objectives with long-term career paths. On-the-job training is the primary learning method, which is further supported by targeted internal and external training, mentoring, and coaching. All training interventions are categorised into specific clusters to ensure clarity, consistency, and coherence.

During the year, Dilmah conducted a wide range of training sessions spanning both technical and behavioural competencies and delivered through a combination of both individual and group-based programmes, collectively accounting for a total of 351,963 training hours.

Notable training areas included leadership development for emerging managers, technical up-skilling for production teams, and customer service programmes for frontline staff. Additionally, soft skill workshops on communication, time management, and emotional intelligence were conducted to promote holistic employee growth.



The Company also formalised MOUs with a local university and a technical college to promote knowledge exchange and help align academic learning with industry. These upcoming partnerships are expected to create opportunities for international knowledge sharing and access to emerging technical expertise, further enhancing the Company's talent acquisition strategy.

The average training hours per employee was 428, with male employees receiving 794 hours and female employees 929 hours.

Types of Training	Training Hours	Number of Employees Trained
General Training	10,421	7,565
Machine skill enhancement related training	288,942	110
Process related training	8,586	12
Introduction training for new recruits	44,014	194
<b>Total training hours</b>	<b>351,963</b>	<b>7,881</b>

### Average Training Hours by Employee Category

Executive	94.5
Clerical and allied	91.8
Worker	726

## TRAINING CLUSTERS



## TRAINING FOCUS FOR 2024/25

### Regulatory Compliance and System Requirements

These programmes covered critical topics such as fire safety, first aid, flavour handling protocols, and food safety, and were delivered by a mix of internal experts and qualified external trainers. A total of 1,344 employees were trained under this cluster, accumulating 2,125 training hours.

### Information Technology

To create a digitally literate, agile, and future-ready workforce: Empower IT: 37 factory associates completed a basic Microsoft Office course. Plans were developed to introduce an intermediate-level programme to further advance their skills.

Microsoft Planner Training: Delivered to Heads of Departments and Unit Heads, this session enhanced project management, task delegation, and team coordination.

Crayon Office 365 Training: A total of 93 employees participated in this virtual training programme, which was delivered

through the MJF Academy for self-paced learning.

Microsoft 365 Copilot: A virtual session was conducted to familiarise key personnel with AI-powered features that improve productivity and collaboration.

### Technical Competency Development Programme

A Technical Competency Development Programme was launched targeting engineering operators and junior technicians, aimed at enhancing technical know-how and operational readiness. Plans were made to collaborate with Korea Tech to provide specialist training in Automation Systems, Industrial Electrical Applications and Advanced Machinery Control Techniques. This programme was designed to improve hands-on capabilities, enhance problem-solving skills, and prepare teams for the demands of modern industrial operations.

### Supervisory Skills Development Programme

The programme was structured to

build essential frontline competencies, including, Communication and Team Management, Time and Productivity Management Technical Process Understanding and Resource Optimisation and Continuous Improvement. It also incorporated coaching and mentoring elements to prepare participants for future leadership roles and support succession planning efforts.

### Leadership Development

A Leadership Development Programme was launched in collaboration with an external organisation, aimed at equipping 60 identified managers with key competencies required in dynamic business environments. The programme focused on: adaptability and resilience, ethical leadership and communication and emotional intelligence.

Individual Development Plans (IDPs) were incorporated to guide each participant's learning journey in alignment with personal aspirations and organisational needs. This initiative formed part of the broader talent development and succession strategy at Dilmah.

# HUMAN CAPITAL



## SPECIAL WORKSHOP TO COMMEMORATE INTERNATIONAL WOMEN'S DAY

To commemorate International Women's Day on March 8th 2025, Dilmah organised a special awareness session for all staff members in collaboration with the Ministry of Women and Child Affairs. The session, led by renowned speaker Mr. Sarath Wijesuriya, focused not only on women's empowerment but also on encouraging peaceful, fulfilling lives for both men and women.

The programme provided valuable insights on leading a happy, trouble-free life, strengthening relationships, and maintaining emotional well-being. It emphasised the importance of mutual respect, understanding, and balance in both personal and professional spheres. This initiative reflected Dilmah's ongoing efforts to nurture an inclusive, thoughtful, and supportive workplace culture for all employees.

As part of its continued commitment to empowering women within the workplace and beyond, Dilmah also conducted a series of targeted programmes aimed at supporting the personal, professional, and health-related development of its female workforce. These thoughtfully curated sessions addressed a broad range of themes, including: balancing work and family life; legal rights and protections for women; reproductive health and menstrual hygiene; awareness on communicable and non-communicable diseases; and strategies for enhancing productivity and personal effectiveness.

## TALENT DEVELOPMENT

Dilmah adopted a structured, data-driven approach to identify and strengthen critical job roles across the organisation. These roles are prioritised based on five key criteria: industry-wide scarcity, criticality to business continuity, the degree of technical specialisation required, the role's contribution to innovation and strategic growth, and its significance within succession planning frameworks.

Talent development is undertaken based on the Skills Matrix which is developed based on the outcomes of the annual performance evaluation process. The purpose of the Skills Matrix assessment is to evaluate the technical competencies essential for each role,

along with their relative importance to organisational performance. Employees are assessed against these benchmarks to map existing competency levels, highlight skills gaps, and design targeted development interventions.

In the year under review, Dilmah initiated preliminary arrangements to introduce a structured Leadership Development Programme in collaboration with a specialised external training partner. The main aim of the programme is to build key human-centric competencies such as adaptability, effective communication, emotional intelligence, resilience, and ethical leadership skills deemed critical for navigating the demands of a rapidly changing business landscape.

## REWARDS AND RECOGNITION

Dilmah's Long Service Awards continue to serve as a meaningful expression of appreciation for employees who have contributed significantly to the organisation's journey over the years.

## LONG SERVICE AWARDS - RECOGNISING EMPLOYEE LOYALTY AND COMMITMENT

In the current year, Dilmah honoured the long-term commitment of its workforce, by recognising 25 employees completing 10 years of service, 15 employees for reaching 20 years, and another 10 employees surpassing 25 years of dedicated service to the Company.



## OCCUPATIONAL HEALTH AND SAFETY (OHS) GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

As a manufacturing organisation, Dilmah recognises the inherent risks associated with operational processes including the potential for workplace injuries, exposure to hazardous substances, equipment-related incidents, and ergonomic risks. To manage these effectively, Dilmah has established a comprehensive Occupational Health and Safety Management System, which encapsulates all applicable regulatory requirements and aligned industrial best practices. This, OHS framework, outlining the formal policies, protocols, and procedures that govern health and safety at all levels of the organisation. The OHS System covers 100% of employees, including contract workers, visitors and any third parties present at any of the Company premises at any given time.

A dedicated Safety Governance structure has been established to oversee the effective implementation and continuous improvement of the OHS system. Dilmah's Occupational Health and Safety Management System is regularly reviewed and updated to reflect evolving regulatory requirements, industry best practices, and feedback from internal safety audits and employee observations. All employees are expected to be familiar with and adhere to the established safety protocols. Safety training is also embedded as part of the orientation program for new recruits.



# HUMAN CAPITAL

<b>Activity / Procedure</b>	<b>Hazards</b>	<b>Risks</b>	<b>Control Measures</b>
<b>Tea Unloading / Transfer to Stores</b>	Lifting sacks, falls from height, falling sacks, pallet truck & delivery vehicle movement	Back injuries, broken limbs, foot injuries, collisions	<ul style="list-style-type: none"> <li>Lifting training is provided to reduce strain</li> <li>Sack stacking is limited to 10 to prevent falls.</li> <li>Walkways are clearly marked</li> <li>Safety footwear is mandated</li> <li>Vehicle speed limits are enforced at 10 km/h</li> <li>Caution signage is displayed to guide movement</li> </ul>
<b>Tea Storage</b>	Over-stacking, poor housekeeping, lifting, pallet trucks, electrical overload, stitching injuries	Sack falls, slips, back/foot injuries, fire, cuts	<ul style="list-style-type: none"> <li>Stack height is limited</li> <li>Regular cleaning schedules are maintained.</li> <li>Staff are trained in safe handling and use of pallet trucks</li> <li>Fire detection systems are installed</li> <li>Circuits are routinely inspected</li> <li>Needle distribution is tracked daily</li> <li>PPE is provided to reduce injury risk</li> </ul>
<b>Tipping / Tea Bulking</b>	Moving machinery, lifting, slips, noise, silo movement, sharp tools, dust, magnets	Contact injuries, strains, hearing loss, respiratory issues, cuts	<ul style="list-style-type: none"> <li>Machines are equipped with guards and emergency stops</li> <li>Workers receive lifting training</li> <li>PPE including dust masks and ear protection are provided</li> <li>Safety signage is used and tea spillage is cleaned immediately to prevent slips</li> </ul>
<b>Flavouring</b>	Vapours, dust, forklift operation, suspended loads, spillage, electrical hazards	Respiratory irritation, coughing, slips, burns, fire	<ul style="list-style-type: none"> <li>Exhaust systems are installed to extract vapours and dust.</li> <li>Respiratory PPE is provided</li> <li>Forklift operators are trained</li> <li>Hoist equipment is checked regularly</li> <li>Spill drills are conducted</li> <li>Restricted zones are defined</li> <li>Electrical components are inspected routinely</li> </ul>
<b>Packing</b>	Moving parts, hot surfaces, electrical wiring, lifting, noise, dust, vibration, height, robots	Cuts, burns, shocks, strain, hearing loss, falls	<ul style="list-style-type: none"> <li>Machine guards are in place and training is provided on their use</li> <li>Ergonomic aids help minimise repetitive strain</li> <li>PPE such as gloves, masks, and earplugs, is required</li> <li>Vibration mitigation systems and proper lighting enhance safety</li> <li>Safety interlocks are implemented where needed</li> </ul>
<b>Reprocessing</b>	Sharp tools, machinery, dust, poor posture, sieve handling	Cuts, strains, respiratory symptoms	<ul style="list-style-type: none"> <li>Employees are trained in safe equipment use and provided PPE</li> <li>Machine guards are used and breaks are given to reduce repetitive strain</li> </ul>

<b>Activity / Procedure</b>	<b>Hazards</b>	<b>Risks</b>	<b>Control Measures</b>
<b>Finished Goods Storage / Loading</b>	Lifting, poor housekeeping, pallet trucks, forklifts, walking on mezzanine, batteries, fumigated containers	Slips, sprains, struck-by injuries, respiratory symptoms	<ul style="list-style-type: none"> <li>Safety training is given for lifting and forklift operation</li> <li>Floor areas are marked for pedestrian and vehicle movement</li> <li>Batteries are stored safely and containers are labelled appropriately</li> <li>Staff handling fumigated containers are instructed on proper ventilation and PPE usage</li> </ul>
<b>Machine Maintenance</b>	Heights, sharp tools, spills, wiring, hot surfaces, rotating belts, compressed air	Falls, cuts, burns, electric shocks, bruises	<ul style="list-style-type: none"> <li>Maintenance work is done using ladders or rails with appropriate PPE</li> <li>Safety signs are posted. Emergency stops are available</li> <li>Wiring is insulated and checked.</li> <li>Air pressure tools are regulated to prevent sudden bursts</li> </ul>
<b>Pre-Production</b>	Chemicals, conveyor belts, lifting, pallet trucks, sharp tools, electricity, poor lighting	Burns, cuts, fire, eye strain	<ul style="list-style-type: none"> <li>Chemical handling training is mandatory.</li> <li>PPE is provided.</li> <li>Ergonomic seating is available</li> <li>Conveyor systems are guarded</li> <li>Electrical systems are inspected, and lighting is adequate to minimise eye strain</li> </ul>

## HAZARD IDENTIFICATION

The Company's Health and Safety Management System contains a structured and proactive approach to hazard identification where the Manager – Health and Safety, together with the cross-functional OHS team, are responsible for conducting regular factory visits and walkthroughs to ensure compliance with established OHS policies and guidelines as well as to identify safety hazards. These inspections are supplemented by routine OHS team meetings where potential hazards are reviewed based on direct observations and employee feedback.

Employees are actively encouraged to report safety concerns or hazards they encounter in the course of their work. Monthly workers' meetings are

conducted with the active participation of the Production and Engineering departments, bringing together all operational team members.

The OHS team evaluates reported concerns and, where necessary, revises the risk profile to reflect changes in the working environment. To further strengthen this process, the Manager – Health and Safety conducts comprehensive hazard identification exercises by benchmarking against current industry best practices, OHS-related standards, and regulatory requirements. Outcomes from these reviews are used to update the Hazard Assessment Register and guide the implementation of appropriate risk control measures to reduce risk exposure to the lowest practicable level.

OHS Management System and risk assessment are also reviewed through periodic third-party audits carried out by SMETA.

In 2024/25, the Company identified several emerging risks, including those associated with the new conveyor system, production floor obstructions caused by power cords and compressed air lines, the need for improvements in the fire detection system, and risks related to electrical safety in production areas. Mitigating actions were promptly introduced, such as engineering modifications for obstruction, modification of fire detection system, and provision of high voltage personal protective equipment (PPE) for electrical work. These changes were documented in the updated Hazard Assessment to ensure ongoing vigilance.

# HUMAN CAPITAL

## INCIDENT / ACCIDENT REPORTING

In the event of workplace accidents, incidents, or near misses, a clearly defined Accident, Incident and Near Miss Reporting and Investigation Procedure has been established, setting out the steps for prompt reporting, investigation, and response. The Manager – Health and Safety leads all investigations and is responsible for presenting findings and proposed corrective actions to the respective managers for implementation. Insights from these investigations are used to support continuous improvement and enable enhancements to safety protocols to help prevent the recurrence of similar incidents.

During the financial year 2024/25, a total of 13 minor incidents were reported. All incidents were classified as first-aid level cases and did not meet the threshold for recordable injuries. Accordingly, there were no work-related injuries or cases of work-related ill health recorded during the reporting period.

Employee Category	Focus Area	Number of Participants	Number of Programmes	Number of Hours
Middle Manager	Certificate in Occupational Safety and Health	01	01	60
	Electrical Safety awareness for Industries	02	01	16
	OHS and Factory Ordinance compliance	07	01	56
OHS Team	Legal Framework of Occupational Health & Safety in Sri Lanka	09	01	18
	Health and Safety Hazard Identification	16	01	16
	Risk Assessment	16	01	16
	Chemical Safety	09	01	09
Other Employees*	Ladder Safety	284	1	142
	Accidents and Incidents	487	1	203
	Safety in Stairs	225	1	94
	Electrical accidents and incidents	487	1	203
	Proper lifting techniques/Ergonomics	462	1	116
	Manual work	562	1	141
	Chemical Safety and use of Personal Protective Equipment	24	2	24
	Fire safety	92	1	644
	Forklift Safety	7	1	63
	First Aid	39	1	254
	Road Accident Prevention	17	1	34

\*Casuals, permanent, probation

## EMPLOYEE RELATIONS GRI 402-1

Dilmah adopts a proactive and inclusive approach to employee relations, underpinned by an open-door policy that encourages employees at all levels to engage directly with management. This policy fosters a culture of accessibility, trust, and openness, where employees feel comfortable voicing concerns or seeking clarification.

Meanwhile operational changes are communicated officially, via email for executives and through notice boards at factories for non-executives. The minimum notice period for significant operational changes varies depending on the nature of the activity. However, adequate time is always ensured to allow for proper adaptation to the changes.



### MEASURING EMPLOYEE SATISFACTION

In an ongoing commitment to foster a positive, supportive, and high-performing workplace culture, Dilmah conducted a comprehensive employee engagement survey titled the "Dilmah Change Tracker".

The survey was designed to measure a wide range of dimensions related to employee satisfaction, engagement, leadership effectiveness, communication, performance clarity, and openness to organisational change. A total of 196 employees across multiple levels and departments participated with 194 providing feedback to all 47 questions covering areas such as:

- Pride in the organisation and willingness to recommend it as a great place to work.
- Leadership and supervisory support, including role modelling and approachability.
- Team alignment and collaboration toward common goals.
- Access to resources and support for job performance.
- Awareness and support of ongoing organisational change, including personal alignment with change initiatives.
- Perception of workplace culture, accountability, recognition, and fairness.
- Clarity of communication and inclusiveness in decision-making processes.
- Confidence in the Company's strategic direction and performance visibility.

In addition to scaled responses, the survey included open-ended questions to capture qualitative feedback on how Dilmah could improve engagement, morale, and the change implementation. These responses provided invaluable insights into employee sentiments and expectations.



# HUMAN CAPITAL

GRI 2-25, 2-26, 2-30, 407-1

## GRIEVANCE POLICY

Dilmah's Grievance Policy aims to ensure timely resolution of grievances. Employees who are dissatisfied or unable to resolve their grievances through other channels have the option to formally communicate grievances in writing directly to the Group Head of HR for investigation. All grievances are treated seriously and investigated thoroughly with resolutions provided in line with the timelines set out in the policy. There were no concerns raised through the formal grievance channel in the reporting year.

## HR FUNCTIONAL STRUCTURE :

A well-defined HR functional structure is in place to ensure efficient delivery of both specialised and generalist HR services across the organisation. Key functional units include:

- HR Strategy & Policy
- Talent Acquisition & Employer Branding

## JOINT CONSULTATIVE COMMITTEE

A platform to facilitate ongoing dialogue between management and employee representatives, JCC meetings held every 3 months aim to empower employees to raise concerns, propose ideas, and participate in collaborative problem-solving efforts.

While Dilmah fully supports the employees right to freedom of association and collective bargaining, strong relations built between employees and Dilmah management have prevented the need for a formal collective bargaining agreement. Hence Dilmah's operations are not at risk for collective bargaining.

- Learning & Development
- Performance Management & Workforce Planning
- Employee Relations & Compliance
- Compensation & Benefits
- HR Technology / HRIS
- Staff Wellbeing & Welfare
- Diversity, Equity & Inclusion (DEI)
- HR Operations / Shared Services

## EMPLOYEE VOICE AND ENGAGEMENT :

Dilmah fosters a culture of open communication, mutual respect, and employee engagement through multiple structured mechanisms that ensure every team member has the opportunity to be heard and valued:

- Employee Surveys and Feedback: Regular employee engagement surveys and feedback initiatives are

conducted to capture insights on workplace experience. The findings are used to inform action plans, enhance employee satisfaction, and strengthen the overall organisational culture.

- Internal Communication Channels: The MJF Academy platform serves as a central communication hub for HR updates, learning resources, policy announcements, and company-wide news, promoting transparency and continuous engagement.
- Grievance Mechanism & Joint Consultative Committee (JCC) / Townhall Meetings: A formal grievance procedure, alongside regular JCC sessions and Town hall meetings, provides employees with accessible and transparent channels to voice concerns, share ideas, and participate in collaborative dialogue with management.



## PROFESSIONAL COUNSELLING SERVICE

A nominated senior counsellor is assigned to attend to any issues related to employee personal or professional health.

## MONTHLY TOWN HALL MEETINGS

Provide a broader forum for executive-level employees to engage with senior leadership including the Chairman and Executive Management. These sessions serve multiple purposes: communicating strategic priorities, providing business performance updates, recognising employee achievements, and introducing key leadership personnel.

## EMPLOYEE ENGAGEMENT

- Kids Christmas party
- Employees get-together
- New year celebration



## WORK-LIFE BALANCE INITIATIVES

Dilmah's work-life balance initiatives are designed to promote employee well-being by supporting a healthy integration of professional and personal responsibilities. These initiatives aim to reduce stress, enhance job satisfaction, and improve overall productivity, while fostering a supportive and inclusive workplace culture.



## RISKS, OPPORTUNITIES AND WAY FORWARD

### Risks

Skill migration, particularly among experienced professionals and technical specialists seeking opportunities abroad

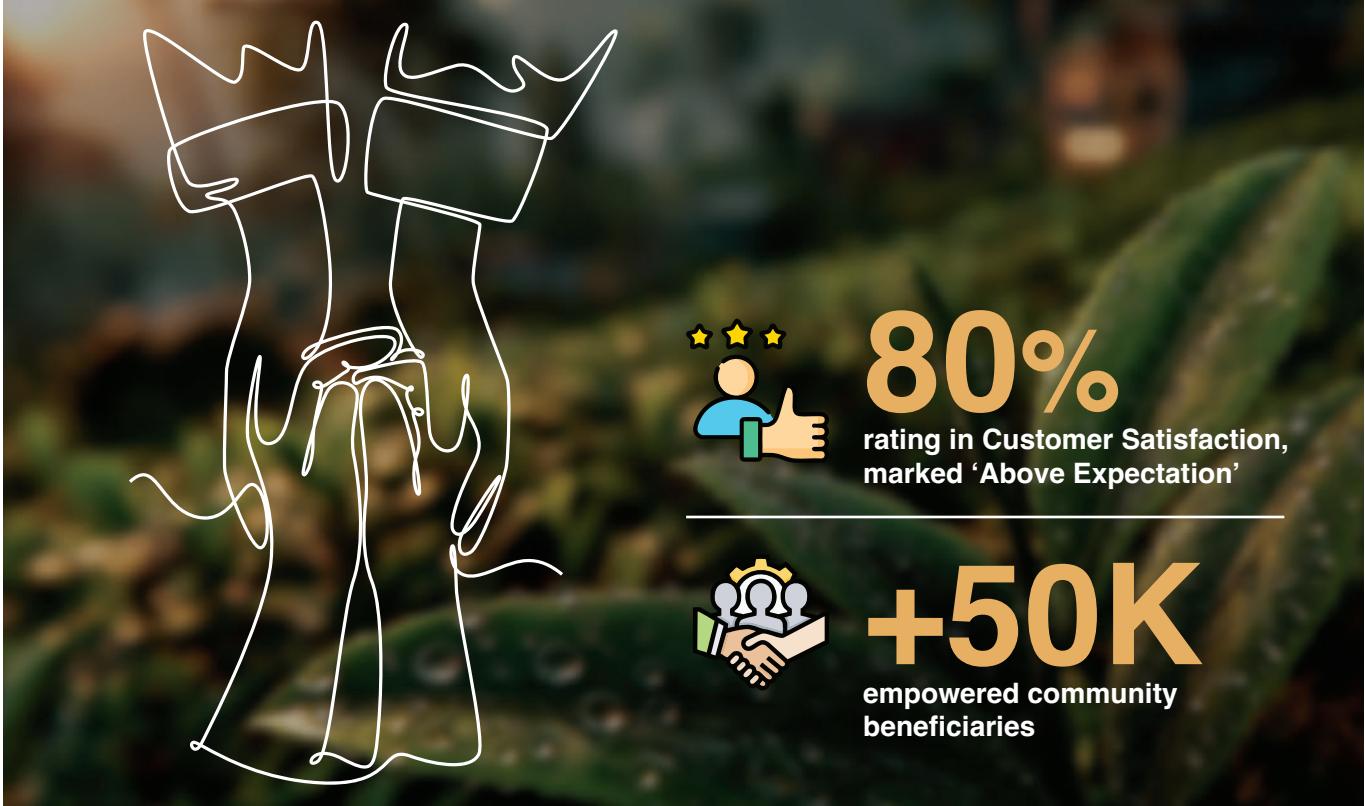
### Opportunities

Leverage digital technology to create an environment for continuous learning

Short Term (1 - 2 years)	Medium Term (2 - 4 years)
<p>Strengthen the Performance Evaluation process through the introduction of the Balanced Scorecard (BSC) framework, to measure employee performance across multiple dimensions - financial perspective, customer perspective,</p> <p>Internal business process perspective and the learning and growth perspective</p>	<p>Roll out of MJF Academy 2.0 which will incorporate National Vocational Qualification (NVQ) Level certifications.</p>



## SOCIAL AND RELATIONSHIP CAPITAL



As a cornerstone of sustained growth, Social and Relationship Capital reflects the trust-based partnerships Dilmah has nurtured over decades with its diverse stakeholders. These enduring relationships - built on transparency, ethical conduct, and a commitment to shared value - continue to strengthen the Company's reputation and support its purpose-driven journey.

### Overview

Dilmah's Social and Relationship Capital comprises the vital stakeholder networks that together form the nexus of the Company's strategic journey.



# SOCIAL AND RELATIONSHIP CAPITAL

## GRI 2-6 CUSTOMERS

### DILMAH CUSTOMER VALUE PROPOSITION

Scan to Visit Our Website

The map shows the global reach of Dilmah's customer base, with regions color-coded according to their geographical location.

Logos of various airline partners are displayed at the bottom of the page:

- QATAR AIRWAYS
- SINGAPORE AIRLINES
- الخطوط العمانية OMAN AIR
- flydubai
- GULF AIR
- malaysia airways
- الإمارات ETIHAD AIRWAYS
- Emirates
- OFIJI AIRWAYS
- QANTAS
- AIR NEW ZEALAND
- SKY
- WIZZ
- LOT
- AIR CANADA
- 深圳航空 Shenzhen Airlines
- HESTON AIRLINES
- rex.

## GRI 416-1, 416-2 PRODUCT RESPONSIBILITY

Quality and freshness are the fundamental principles that define Dilmah's unwavering commitment to product responsibility. As the pioneer for premium quality single-origin tea from Sri Lanka, Dilmah upholds its promise to consumers by preserving the integrity of tea at source, ensuring each product captures the authentic character, aroma, and natural goodness and traditional artisanal craftsmanship. By avoiding commercial blending practices that dilute quality and origin, Dilmah ensures that its teas retain the purity, complexity, and wellness benefits intended by nature.

Moreover, keeping teas free from artificial additives and packed fresh, is a core part of Dilmah's product responsibility. This commitment is operationalised through a robust and evolving quality management system. Since 1997, Dilmah has advanced beyond conventional inspection-based controls, adopting a comprehensive Quality Management Trilogy, encompassing Quality Assurance, Quality Management, and Quality Development. These principles are embedded within every process ensuring 100% of Dilmah products conform to the highest standards of safety, authenticity, and quality consistency.

Understanding that continuous improvement plays a crucial role safeguarding quality consistency and product integrity, Dilmah integrates best-in-class tools and methodologies, including Root Cause Analysis (RCA), Corrective and Preventive Action (CAPA), and Lean Six Sigma, further complemented by ongoing R & D to focus on process innovation to eliminate variability and uphold product excellence.

There were no incidents concerning the health and safety impacts of products reported in the current financial year.

### GRI 417-1, 417-2 PRODUCT LABELLING

Dilmah maintains a rigorous and transparent approach to product labelling, ensuring full compliance with all applicable statutory and regulatory requirements governing food safety, consumer information, environmental responsibility, and ethical trade practices. The Company adheres strictly to region-specific regulatory frameworks, including European Union food safety and labelling regulations for EU markets, the Food Standards Australia New Zealand (FSANZ) Code for Australasian countries, and JETRO (Japan External Trade Organisation) standards for Japan.

For all other international markets, Dilmah aligns with Codex Alimentarius guidelines, jointly developed by the FAO and WHO, ensuring consistency with globally accepted food labelling practices. In Sri Lanka, the Food Labelling Act, the regulatory framework of the Sri Lanka Tea Board, and other national statutes governing product declarations are strictly complied with.

These regulations cover a wide range of labelling elements, including but not limited to ingredient disclosures, allergen information, nutritional panels, shelf life, brewing instructions, and storage guidance. Environmental claims such as those pertaining to recyclability, biodegradability, or sustainable sourcing, are made only when substantiated by credible data and third-party verification, upholding consumer trust and preventing greenwashing. Furthermore, robust internal review protocols and legal compliance checks are in place to ensure that every label meets the exacting standards of accuracy, transparency, and integrity.



#### LABELLING REQUIREMENTS

**European Union:** Compliance with EU food safety and labelling regulations for European markets.

**Australasia:** Adherence to the Food Standards Australia New Zealand (FSANZ) Code.

**Japan:** Compliance with JETRO (Japan External Trade Organisation) standards.

**International Markets:** Alignment with Codex Alimentarius guidelines, developed by FAO and WHO

#### Sri Lanka:

Compliance with the Sri Lankan Food Labelling Act

Adherence to Sri Lanka Tea Board regulations

Conformance with other relevant national statutes for food product declarations

There were no critical incidents of non-compliance of labelling requirements reported in the current financial year

### GRI 417-3, 418-1 MARKETING AND COMMUNICATIONS

Dilmah adopts a comprehensive and multi-faceted approach to customer communication, through a mix of mass media, digital platforms, and social media to connect with diverse audiences across the globe, while active participation in international exhibitions, roadshows, trade fairs, and themed events offers immersive, in-person experiences that build stronger relationships with specific consumer segments.

Regardless of the medium, all marketing and communication activities are governed by a set of principles that aim to ensure all product claims are factual, never misleading, and supported by evidence while ensuring all messaging remains respectful, culturally sensitive, and free from manipulation, fear-mongering, or exploitation of vulnerable audiences.

Paid endorsements, sponsorships, and partnerships are always clearly disclosed, and exaggerated promises or claims are strictly avoided. The Company is also committed to ethical competition and avoids engaging in anti-competitive behaviour and as such avoids unverified comparisons and unethical methods such as fake reviews or misleading testimonials. All campaigns are designed to avoid reinforcing negative stereotypes or offensive content, and environmental messaging is always authentic and substantiated, steering clear of greenwashing.

#### Engagement

Facebook  
2.5 Mn Followers

LinkedIn  
121.6 K Followers

Pinterest  
34 K Followers

YouTube  
240.1 K Subscribers

Instagram  
1.4 Mn Followers

X  
7 K Followers

Tiktok  
5 K Followers



Tea Inspired Music  
t-Radio

## SOCIAL AND RELATIONSHIP CAPITAL



Good Food and Wine shows in Australia



Dilmah Natural Luxury Sommelier competition in China



Dilmah x My Room CSR Collaboration in Australia



Dilmah Tea Appreciation in Malaysia



Dilmah Iced tea Re-launch campaign in Sri Lanka



Dilmah Brand activations at Duty Free in Dubai



Dilmah Tea Appreciation in Vietnam



Dilmah Brand campaign launch in Chile



Dilmah Tea Appreciation in Indonesia

Stringent internal review procedures are in place to assess all marketing materials against the Company's ethical code with marketing teams provided with ongoing training in legal and ethical standards.

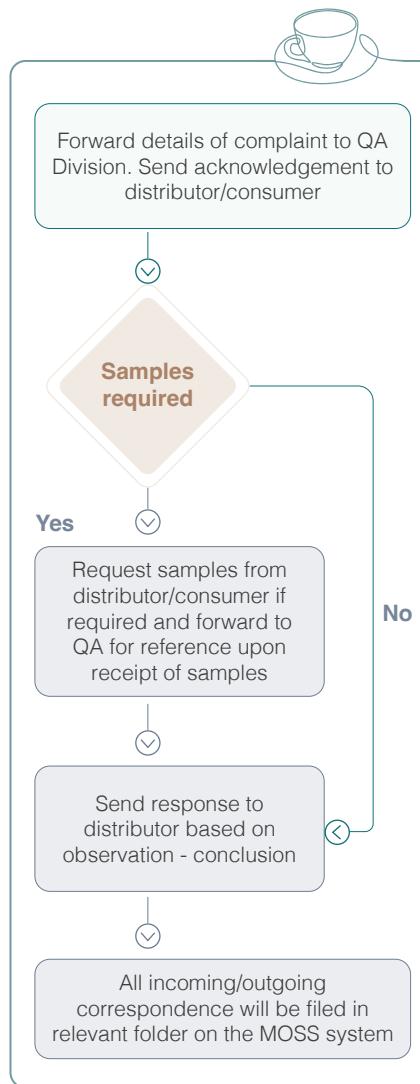
Meanwhile data is collected from customers only with informed, explicit consent and maintains full transparency regarding how personal information is stored, used, and shared. Customers are offered clear, straightforward options to opt out or unsubscribe from communications, reinforcing their right to privacy and control. A formal and a formal structure is in place for raising, investigating, and resolving any potential breaches. There were no incidents of non-compliance concerning marketing communications reported in the reporting year.

There were no substantiated complaints concerning breaches of customer privacy and losses of customer data reported in the reporting year.

#### GRI 2-25, 2-26 CUSTOMER COMPLAINTS

Dilmah considers customer complaints and feedback as an essential driver in refining processes, enhancing product quality, and delivering an exceptional tea experience. Accordingly, all complaints received are thoroughly reviewed and analysed by the Quality Assurance Department, which investigates root causes and implements corrective actions where necessary. Each case is followed up with a personalised response, ensuring that customer satisfaction remains central to the resolution process.

In the year under review, a Customer Relationship Management (CRM) system was rolled out to automate, monitor, and streamline the handling of consumer feedback. The new module has enabled more efficient tracking, quicker resolution times, and a more responsive consumer engagement experience.



#### Note:

Complaints consist of those originating direct from distributors and consumers.

#### GRI 2-6, 204-1 SUPPLIERS

Dilmah's supply chain comprises a blend of local and global suppliers. Locally, Dilmah works with trusted partners across Sri Lanka to source tea, herbs and flavours and packaging materials. Globally, the Company partners with reputable international suppliers for specialised inputs such as herbs and flavours and packaging materials and machinery, ensuring compliance with international standards.

- The total annual spend on suppliers was Rs. 20,440 Mn, of which 71%—amounting to Rs. 14,494 Mn—was directed towards local suppliers, reinforcing our commitment to supporting local businesses and economies.

Supplier Type	Number
Local suppliers and service providers	832
Foreign suppliers and service providers	216
Total suppliers	1,048

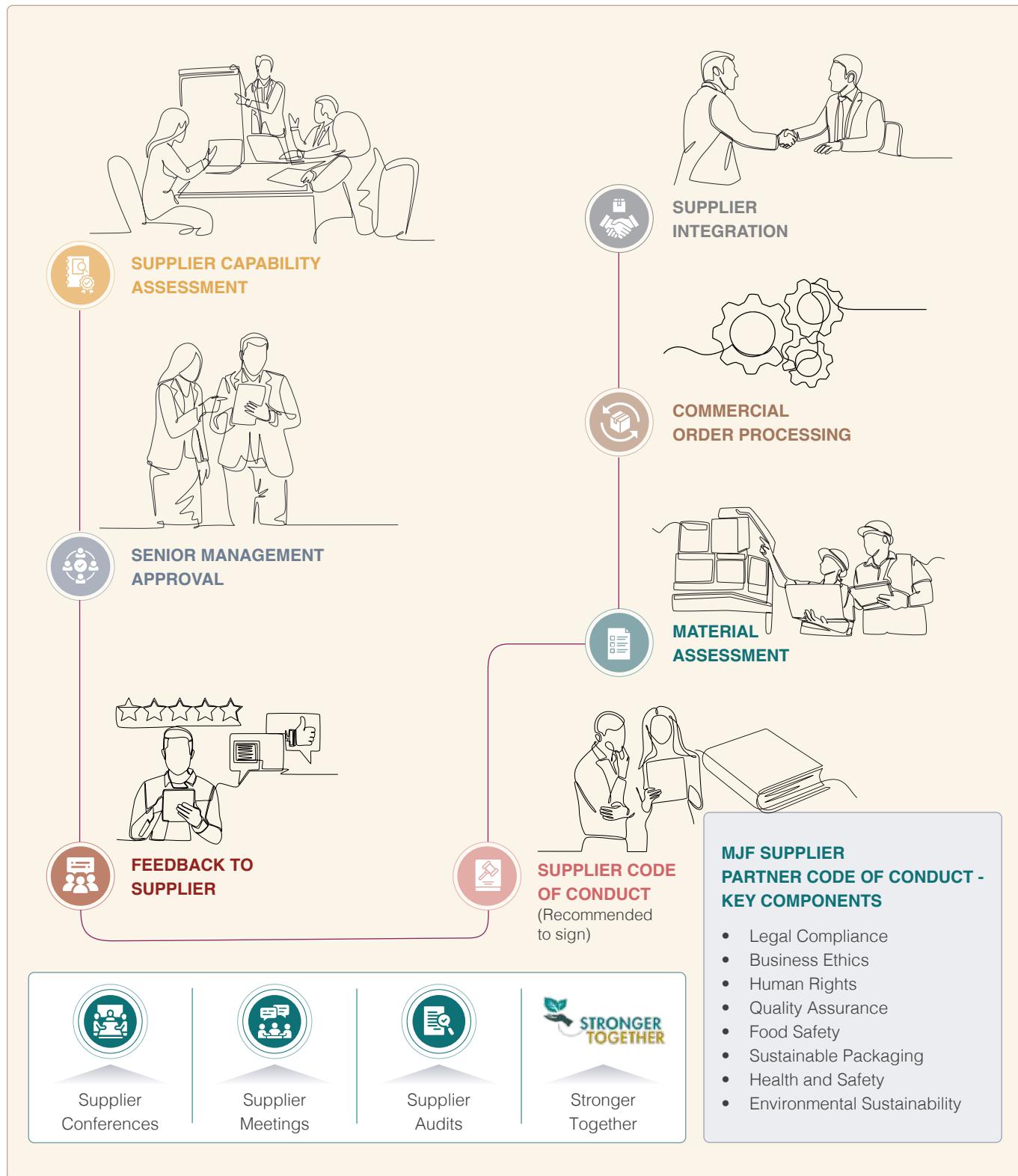
Supplier Type	
<b>Local</b>	Packaging materials Ingredients Logistics Other service providers
<b>Global</b>	Logistics Packaging materials Ingredients Other service providers

#### Sustainable Supply Chain

Dilmah adopts a holistic and responsible approach to building a sustainable supply chain, anchored in rigorous evaluation criteria that go beyond operational efficiency to include environmental responsibility, ethical conduct, and alignment with Dilmah's core values. The main aim of this process is to ensure all partners meet clearly defined standards related to certifications, product quality, technological capability, responsiveness, and adherence to ethical and environmental practices. It is recommended for all selected suppliers to sign a formal Supplier Code of Conduct which includes clauses such as Anti-bribery and Corruption (ABC) and furnish a Self Declaration Form to confirm their acceptance of Dilmah policies.

# SOCIAL AND RELATIONSHIP CAPITAL

## SUPPLIER SELECTION PROCESS



GRI 407-1, 408-1, 409-1

## SUPPLIER DUE DILIGENCE

Dilmah's commitment to prevent child labour extends to the Company's third-party suppliers and partners across the value chain with regular assessments including on-site inspections, interviews, and document verification conducted to identify and mitigate any potential risks of child labour. If incidents of child labour are detected in the supply chain, the Company's "Child Labour Remediation Procedure" outlines a clear course of action to address the situation in a responsible and ethical manner. This includes immediate withdrawal of the child from hazardous work, provision of support to ensure their access to education, and engagement with the supplier to implement corrective measures. Continued non-compliance may lead to the termination of the business relationship. No incidents of Child labour have been reported during the reporting year.

While Dilmah fully supports the supplier right to freedom of association and collective bargaining, strong relations built between suppliers and Dilmah management have prevented the need for a formal collective bargaining agreement. Dilmah ensures that all employment within its supply chain is freely chosen, with workers free to leave as per agreed terms. No incidents of forced or involuntary labour have been reported.

Dilmah expects all suppliers to uphold fair and respectful treatment of workers, without discrimination or harassment based on age, gender, religion, marital status, or any other protected characteristic. No incidents of discrimination or harassment have been reported within the supply chain.

Biannual supplier reviews are carried out by key departments that interact

directly with suppliers. These reviews assess performance across a range of criteria including quality, responsiveness, compliance, and alignment with the Company's sustainability values, enabling continuous improvement and informed decision-making across the supply chain.

Moreover the digital supplier self-assessments introduced during the reporting year allow Dilmah to collect verifiable evidence of supplier practices, benchmarked against the expectations outlined in the Code. The responses will be reviewed and rated against a score card and where non-conformities or improvement areas are identified, they are addressed in collaboration with suppliers, supporting alignment with Dilmah's sustainability goals and overall supply chain integrity.

Regular supplier audits, both physical and virtual are also performed based on the annual supplier audit plan to evaluate all key supply chain partners. The audits track supplier progress against identified improvement areas, with clear timelines and milestones. Where gaps are discovered, structured support is provided to help suppliers meet the required standards and achieve full alignment with the Company's ethical, quality, and sustainability expectations.

## SUPPLIER DEVELOPMENT

Recognising that capacity building is vital for building a sustainable and ethical supply chain, Dilmah offers structured training and capacity building programmes under its "Stronger Together" initiative. These sessions range from developing and initiating sustainability strategies to advanced topics such as measuring and reporting environmental impacts, including carbon and water footprints, life cycle analysis, and waste management. Human rights, child labour, Anti-bribery and Corruption (ABC), and emerging global regulations such as new EU directives are also key focus areas.

In addition to training, the Company will also support its suppliers in their decarbonisation and humanitarian efforts by offering both financial and technical assistance. Furthermore, the Company will implement an online channel where suppliers can interact, exchange knowledge, and showcase their sustainability journeys.

## GRI 2-6 CHANNEL PARTNERS

Dilmah's global presence in 111 countries/markets is managed through an extensive network of channel partners, including distributors, partners, agents, end-consumers, and the HORECA (Hotels, Restaurants and Cafes) sector. During the reporting year Dilmah successfully explored one new market – Finland.



# SOCIAL AND RELATIONSHIP CAPITAL

## CHANNEL PARTNER ON-BOARDING

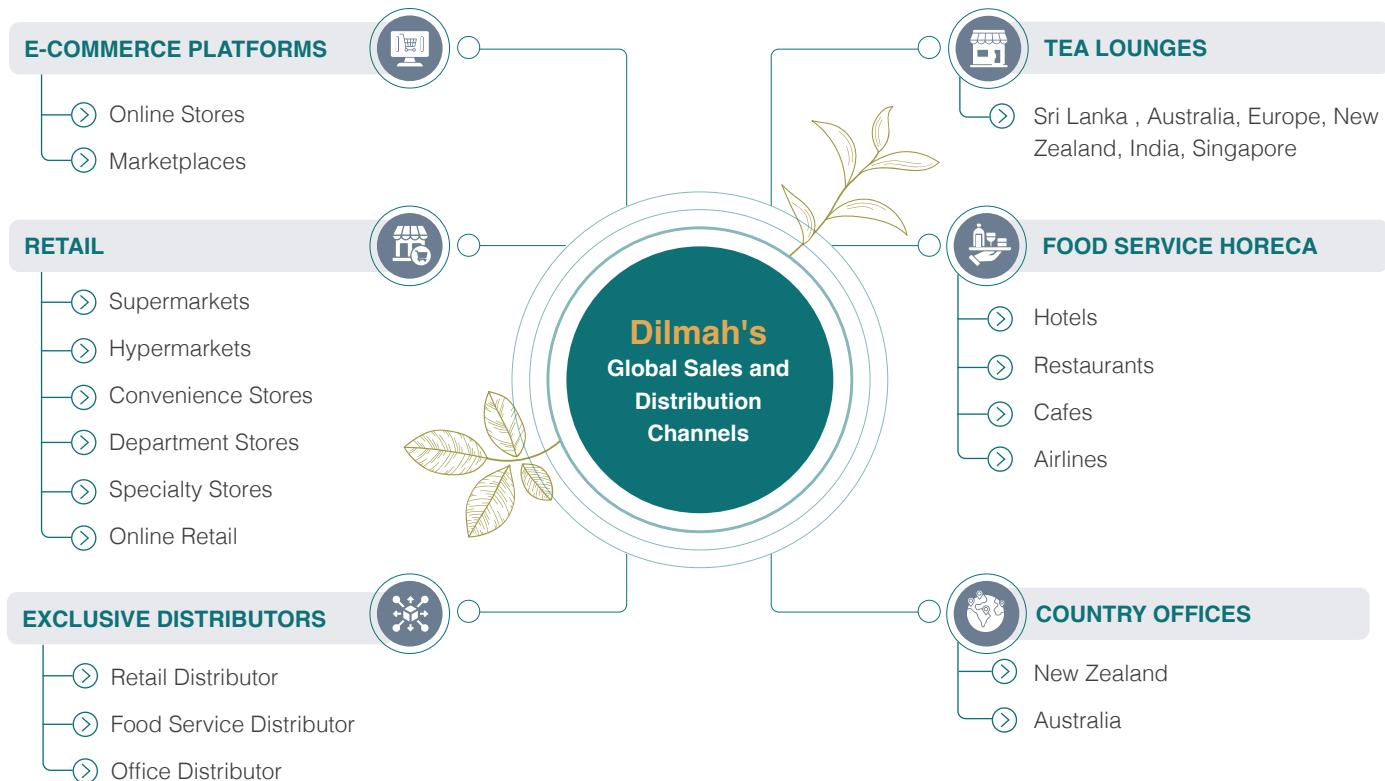
Dilmah's distributor onboarding process begins with identifying or receiving interest from potential partners, followed by a thorough assessment of their experience, market knowledge, infrastructure, and financial capability. If they meet the required criteria, they must present a detailed market strategy, after which both parties align on mutual expectations. A trial order is then conducted to evaluate performance before formalising the partnership through a distribution agreement.

## PERFORMANCE MONITORING

Once a distributor is onboarded, clear sales targets and marketing plans are established to guide performance expectations. To support partners in achieving these goals, comprehensive product training, marketing materials, and continuous operational support are provided. Sales performance, inventory levels, and payment cycles are closely tracked to ensure efficiency and alignment with business objectives, while regular communication is maintained to address challenges and share updates. High-performing partners are recognised through special acknowledgements and rewards, including at Dilmah's Global Family Conference which takes place in Sri Lanka every two years.

## ONGOING COMMUNICATION AND ENGAGEMENT

- Annual business meeting depending on the size of the market
- Monthly, quarterly online meetings
- Dilmah's Global Family Conference for channel partners every 2 years
- School of tea programmes once a year
- e-mail, WhatsApp, zoom meetings, team meetings, newsletters



## COMMUNITY GRI 413-1

All community initiatives at Dilmah are driven by the MJF Charitable Foundation, which embodies the vision of Dilmah's founder, Mr. Merrill J. Fernando - that business is a matter of human service. Guided by this philosophy, the Foundation is dedicated to sharing the benefits of the company's success with disadvantaged and underserved communities across Sri Lanka. To ensure the sustainability and impact of its work, the Foundation is funded through a minimum allocation of 15% of Dilmah's annual pre-tax profits.

The MJF Foundation operates independently and is overseen by a Board of Trustees composed of members of Dilmah's top management, including two Directors of the company's Board. This structure ensures that the Foundation's activities are strategically aligned with the Group's vision. The Board of Directors provides oversight on the Foundation's strategic direction, while all significant future plans are referred back to the Board for approval ensuring robust governance and high-level accountability.

To reach and empower communities on the ground, the Foundation has established dedicated MJF Centres across the country to focus on creating positive and lasting impact in people's lives under five key pillars - Children with Disability, Healthcare, Tea and Cinnamon Communities, Education and Empowerment.

Representatives from the MJF Centres engage regularly with local community interest groups, local government authorities, agricultural and healthcare organisations and other civil society partners for the purpose of identifying pressing local needs, co-creating sustainable solutions, facilitating access to essential services, and ensuring that the Foundation's programmes are

tailored to the unique socio-economic and cultural context of each community.

**The MJF Centre East in Kalkudah** is Sri Lanka's largest private sector community initiative in the Eastern Province. Built at a cost of over Rs. 1 billion, it empowers marginalised groups and promotes sustainable, climate-resilient farming across a 23-acre site.

**The MJF Centre West in Moratuwa** is Dilmah's flagship and largest centre, established in 2010. Once a garment factory, it now serves as a vibrant hub for education, vocational training, and social development within a green urban setting.

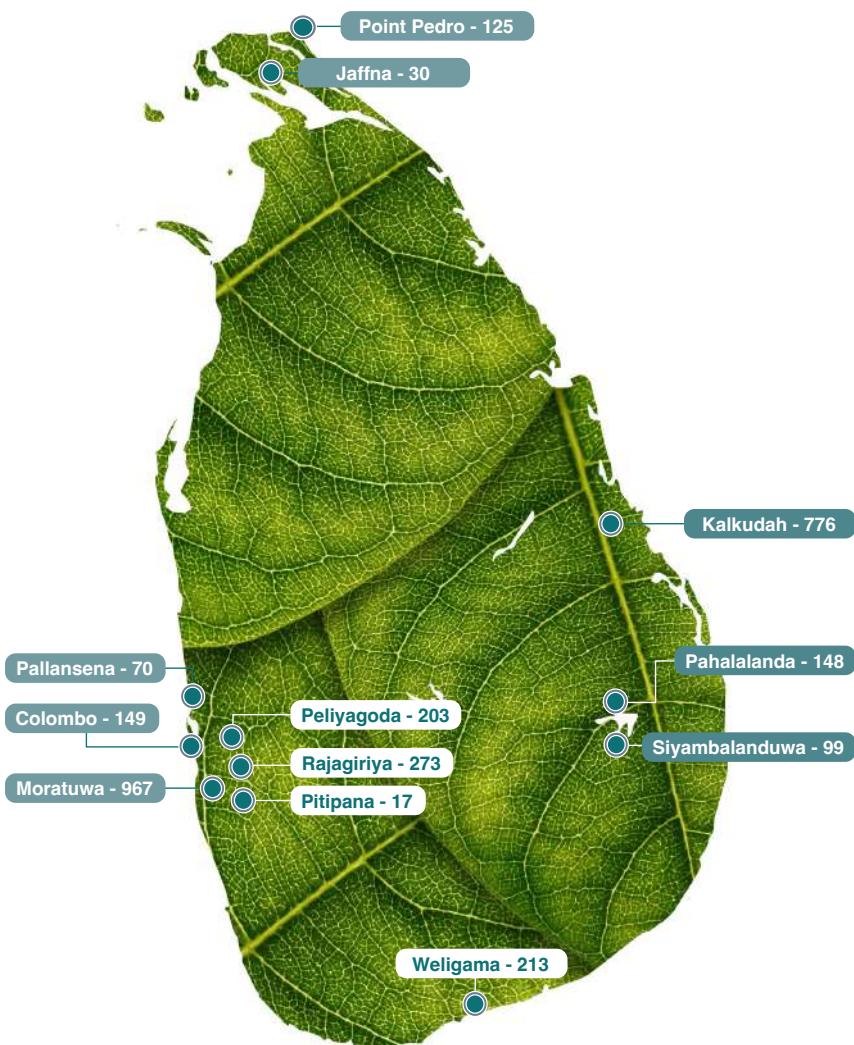
### The MJF Centre Cape Weligama

providing community-based support and development initiatives with a focus on women empowerment, child development and youth skills training.

### The MJF Centre Damana

**Siyambalanduwa** providing community-based support and development initiatives with a focus on children, youth and small entrepreneurs.

**The MJF Centre Pahalanda** - providing community-based support and development initiatives tailored to the specific needs of the region.



# SOCIAL AND RELATIONSHIP CAPITAL

## CHILDREN WITH DISABILITY

**Rainbow Horizons** - Rainbow Horizons is a transformative programme that offers holistic education, therapy and care services for children and youth with Down syndrome and other developmental disabilities in Moratuwa, Rajagiriya, Kalkudah and Jaffna. Established with a vision to create an educational environment that is both disability and gender sensitive, the Centre ensures a safe, inclusive, non-violent, and effective learning space for children from socio- economically challenged backgrounds.

This programme has supported 3,500 children and youth with disabilities to develop to their fullest potential. In 2023, it received the best project merit award at the Best Corporate Citizen Sustainability Awards.

## Centre for Children with Cerebral Palsy and other Developmental Disorders (CCCPDD)

**(CCCPDD)** - Located in Kalapaluwawa, Rajagiriya this serves as a centre of excellence, learning and as a resource hub of practical education for children with Cerebral palsy and other disorders and their families. It provides education, therapy and training not only for those living with CP and other developmental disorders but also acts as a resource hub for their caregivers, teachers and professionals working with children with special needs.

**322**

No. of beneficiaries

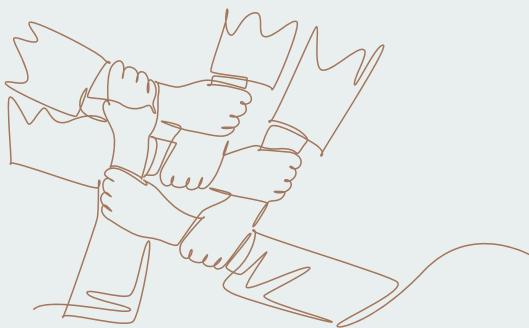
### SDG Alignment

**SDG 3** Target 3.8

**SDG 4** Target 4.4

**SDG 8** Target 8.5

**SDG 10** Target 10.2



**AIDEX (Aid to the Ex-Abled)** - Annual Sports Festival is organised by Colombo Friends in Need Society and has been supported by Dilmah and the Merrill J. Fernando Charitable Foundation for over 20 years. Since its inception, AIDEX has provided a platform for persons with disabilities from around Sri Lanka to realise their potential and encourage them to challenge themselves to live independent lives with dignity while building a sense of community.



## HEALTHCARE

Healthcare initiatives include community driven collaborations such as the construction of the High Dependency Care Facility for the Nawalapitiya District General Hospital which benefits 500,000 people in the surrounding region. More recently, the Foundation collaborated with the Faculty of Medicine, University of Colombo to launch the Early Intervention Unit to support children with developmental disabilities and their families. During the reporting year, Rs. 75.2 million was spent on strengthening healthcare facilities across the country.

## Dilmah Tea Fights towards Ending Cervical Cancer in Sri Lanka

Dilmah Tea, through the Merrill J. Fernando Charitable Foundation, partnered with the Ministry of Health and the Rotary Club of Colombo to relaunch a national programme aimed at reducing cervical cancer with the aim of eliminating the disease in Sri Lanka by 2030. cervical cancer in Sri Lanka by 2030. As part of this effort, the MJF Foundation provided an initial grant of Rs. 75 million to support the purchase of test kits for early detection and treatment, with the goal of preventing around 800 avoidable cervical cancer deaths each year. On December 23, 2024, a total of 17,095 HPV DNA test kits were officially handed over to the Government of Sri Lanka. An awareness session on cervical cancer was also held in collaboration with the Rotary Club and the Ministry of Health at Genesis

## 1990 Suwa Seriya Ambulance Sponsorship

The MJF Group supports the 1990 Suwa Seriya free ambulance service through donating towards 07 ambulances around the country in Batticaloa, Kiribathgoda, Nawalapitiya, Hatton, Nuwara Eliya and Pelmadulla.



## Elderly Care

152 Beneficiaries from four key centers managed by or supported by MJFCF

No. of beneficiaries

### General Public

### SDG Alignment

**SDG 3** Target 3/3.4/3.8



## TEA AND CINNAMON COMMUNITY

From the very beginning, Dilmah has honoured the invaluable contribution of estate communities by placing their well-being at the centre of its purpose-led philosophy. Since the 1990s, through the MJF Charitable Foundation and Dilmah Ceylon Tea Services, the Company has invested in uplifting estate communities, ensuring that their infrastructure, services, and quality of life evolve with dignity and care.

Dilmah's work on the estates is a reflection of its unwavering belief that business must serve humanity. This belief drives continuous efforts to enhance scholarships, housing, healthcare, education, and community infrastructure for members of the plantation community and their families to live with greater dignity and opportunity. Additionally, Over 40 newborns of plantation employees were gifted passbook savings accounts.



**47,688**

No. of beneficiaries

**43**

No. of beneficiaries (Scholarships)

### SDG Alignment

**SDG 4** Target 4/ 4.2/ 4.4/ 4.5

**SDG 2**

## EDUCATION

**The MJF Kids Programme** - the flagship initiative by the MJF Charitable Foundation, the MJF Kids Programme focuses on educational support to ensure school retention among children from low income communities in Sri Lanka. Now active in eight locations across the country, the programme offers academic support in core subjects along with co-curricular activities and leadership training to empower children from disadvantaged backgrounds to overcome social challenges.



**852**

No. of beneficiaries

### SDG Alignment

**SDG 4** - Target 4.4/  
4.4.1. Target 4.5

## CURTISS INSTITUTE OF DESIGN TECHNOLOGY (CIDT)

Established in 2017, CIDT is an IT training programme offering courses aligned with the highest national competency standards set by the Tertiary and Vocational Education Commission (TVEC). Over 6,000 children, youth, youth with disabilities and adults from low-income backgrounds have benefited from the computer and graphic design courses offering both NVQ and non NVQ qualifications in Moratuwa, Peliyagoda, Weligama and Kalkudah.



**180**

No. of beneficiaries

### SDG Alignment

**SDG 4** - SDG 4 -

Target 4.4 /4.4.1.

**SDG 8** - Target 8.6/ 8.6.1

## PRE- SCHOOL EDUCATION

The MJF Foundation preschool education programmes take place in the Moratuwa, Weligama and Kalkudah centres providing holistic education in an inclusive environment that also caters to the needs of young children with developmental disabilities.

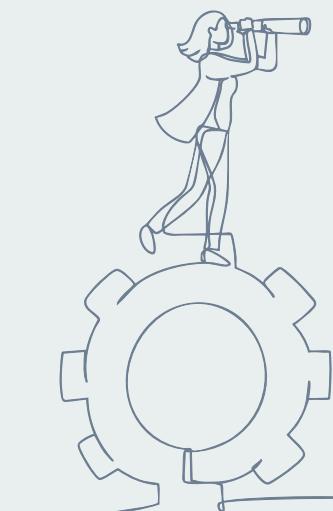


**232**

No. of beneficiaries

### SDG Alignment

**SDG 4** - Target 4.2



# SOCIAL AND RELATIONSHIP CAPITAL

## EMPOWERMENT

**Empower Culinary & Hospitality School (ECHS)** - Sri Lanka's only Worldchefs certified culinary training facility, the Empower Culinary & Hospitality School provides youth facing socio-economic challenges with professional training in the culinary arts and hospitality, combining practical skills, theoretical knowledge, and personal development. This industry-focused initiative enables sustainable employment, helping students break the cycle of poverty and lead dignified, empowered lives.



**77**

No. of beneficiaries

**SDG Alignment**

**SDG 8** Target 8

**SGD 4** Target 4.3

**Women's Development Programme (WDP)** - Empowers women from low-income backgrounds with skills development, entrepreneurship training, and psychosocial support. The programme provides grants and technical training to women, including mothers of children with disabilities. They are empowered with practical skills in sewing, cooking, and sustainable gardening, while also promoting nutritional awareness and emotional well-being. Additionally, partnerships with support groups provide awareness on personal and social issues, including hygiene, gender-based violence, and financial literacy. The initiative also includes the Good Heart Cafe in Moratuwa, providing nutritious, home-style food and further livelihood opportunities.



**633**

No. of beneficiaries

**SDG Alignment**

**SDG 4** - Target 4.3

**SGD 4** - Target 5.b and 5.b.1



## Small Entrepreneur Programme (SEP)

The Small Entrepreneur Program (SEP) was established in the aftermath of the 2004 Indian Ocean tsunami to revive micro and small businesses. SEP has since supported 2500+ small entrepreneurs through grants of a fixed sum per 'entrepreneur' in the form of equipment, networking opportunities and physical spaces for visibility. SEP is an inclusive program that empowers diversity and supports different segments of micro and small entrepreneurs including female entrepreneurs, entrepreneurs with disabilities, new and emerging businesses and retirees. It was awarded the "Best Project" award at the Best Corporate Citizen Sustainability Awards 2024.



**174**

No. of beneficiaries

**SDG Alignment**

**SDG 4** Target 8.3/ 8.3.1

and Target - 8.5/ 8.5.1/ 8.5.2

**Peoples Market** - Was initiated in the aftermath of COVID-19 to help revive small enterprises and support individuals who were made unemployed by the pandemic. Today the People's Market takes place every quarter in Moratuwa, Weligama and Kalkudah. Each market supports up to 100 small businesses, female-led enterprises and entrepreneurs with disabilities. The Markets attract a footfall between 700 to 1700 shoppers, allowing small enterprises to grow their networks.



**145**

No. of beneficiaries

**SDG Alignment**

**SDG 4** - Target 8.3/ 8.3.1

and Target - 8.5/ 8.5.1/ 8.5.2

## KEY INITIATIVES FOR 2024/25

### **Estates (Tea Community)**

- Health camps and eye health camps for plantation community
- Launch of the newborn's savings passbook programme for families of Dilmah staff and Dilmah plantation workers
- Collaboration with Arka initiative for reproductive and female healthcare and hygiene awareness

### **Healthcare**

- Commitment to Suwa Arana Paediatric Palliative Care Centre
- Collaboration on the Cervical Cancer project with Rotary Colombo and Ministry of Health (GOSL) – donation of Rs. 75 million worth test kits
- Blood Drives in Moratuwa, Peliyagoda and Kalkuda

### **Children with Disability**

- Opening of the Jaffna Centre (focused on special education and therapy through the Rainbow Programme)
- Early Intervention Clinic with Faculty of Medicine
- Disability Screening Camp for VACD (Volunteers to Assist Children with Disabilities) Sri Lanka
- Annual wheelchair distribution programme

### **Empower**

- Empower IT lab – IT skills and education for Dilmah staff and MJFCF beneficiaries
- 2nd IT classroom at the East Centre
- Kindness Day – in memory of Mr. Merrill J. Fernando

### **Education**

- Commencement of the pre school at the East Centre

### **Entrepreneurship**

- First People's Market event in Kalkudah

### **KINDNESS DAY - IN MEMORY OF MERRILL J. FERNANDO (DISTRIBUTION OF DRY RATIONS)**

The first-ever "Kindness Day" - in memory of Merrill J. Fernando - was held on his birthday, as a tribute to his lifelong commitment to compassion and service.

To honour his legacy, the day was marked by meaningful acts of kindness, including the distribution of dry rations to underserved communities. This initiative reflected his enduring belief in using business as a force for good—uplifting people, supporting communities, and protecting nature. It served as a heartfelt continuation of the values he lived by and instilled in all of us.



### **RISKS, OPPORTUNITIES AND WAY FORWARD**

#### **Risks**

- Strong market and customer requirements on sustainable products
- Complex global labelling and food safety regulations could result in legal and market access issues
- Suppliers to meet ethical, quality, or sustainability standards, impacting brand reputation

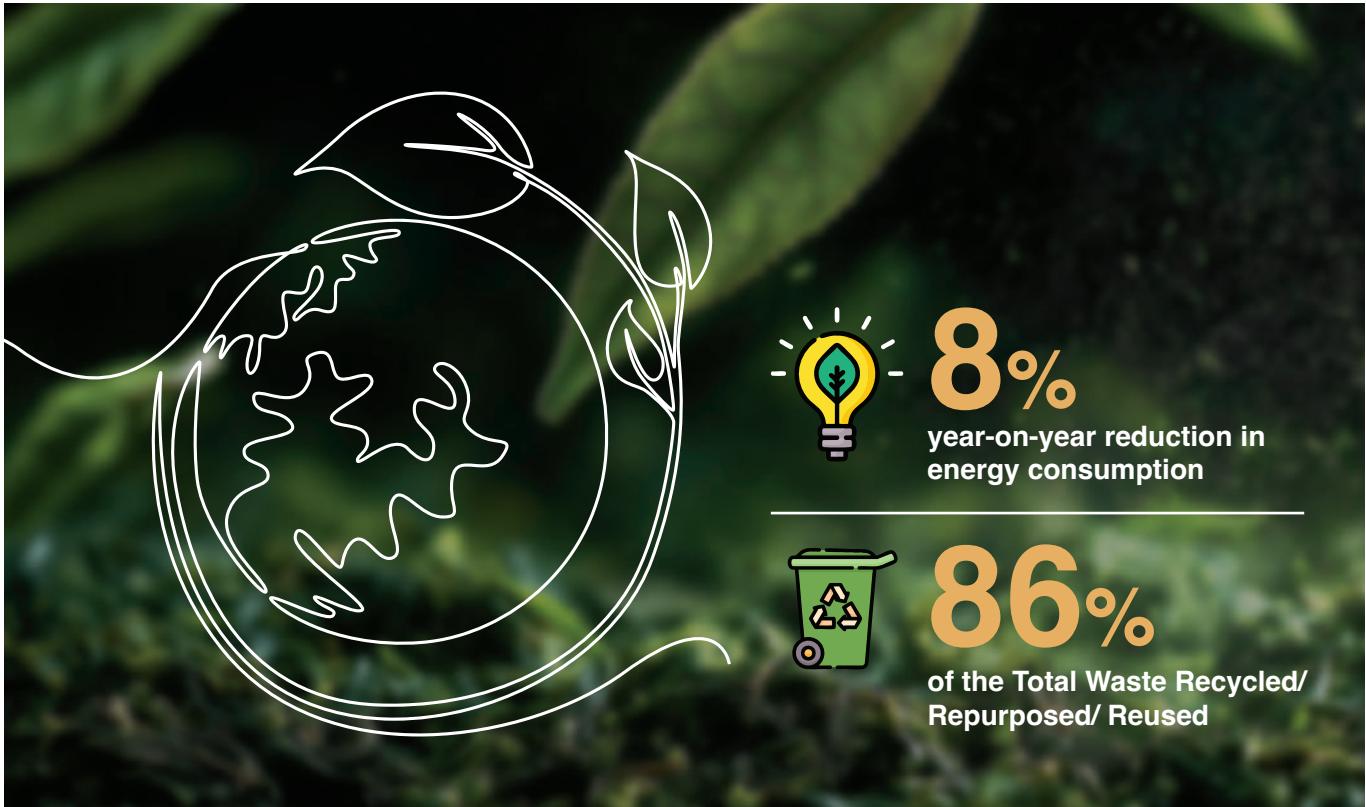
#### **Opportunities**

- Expanding the portfolio with health and wellness teas driven by consumer insights and emerging trends
- Strengthening supplier engagement and capacity building to foster ethical and eco-friendly practices
- Leveraging multi-channel communication to improve responsiveness and consumer loyalty
- Advancing social impact through the MJF Foundation's initiatives, enhancing brand purpose and stakeholder goodwill

<b>Short-Term (1 - 2 years)</b>	<b>Medium-Term (2 - 4 years)</b>	<b>Long-Term (4 - 5 years)</b>
<ul style="list-style-type: none"> <li>• Review and strengthen marketing, labelling and sustainability compliance protocols</li> <li>• Improve supplier assessments and implement minimum ethical and quality standards</li> <li>• Launch targeted health and wellness tea campaigns using existing consumer insights</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and roll out a global compliance training programme on labelling, food safety and sustainability</li> <li>• Expand health and wellness portfolio with innovative products</li> <li>• Capacity building of the suppliers through Stronger Together platform</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen long-term supplier partnerships through Stronger Together Platform</li> </ul>



## NATURAL CAPITAL



Dilmah's relationship with the natural environment is intrinsic to its identity and deeply embedded in its founding philosophy of respect and care for nature. As a producer of Single Origin Ceylon Tea, the Company depends on thriving ecosystems, fertile soil, clean water, and rich biodiversity - all essential to preserving the purity, quality, and integrity of its teas. Stewardship of these natural resources remains central to Dilmah's commitment to sustainability and long-term value creation.

### Overview

Dilmah's tea quality is deeply rooted in its reliance on natural capital, with factors like soil, climate, altitude, and biodiversity directly shaping its strength, flavour, and aroma. This strong link to nature underscores the need to preserve the environment to maintain the distinct quality and character of Dilmah Tea.



Acknowledging its profound responsibility to safeguard vital natural resources, Dilmah's Environmental Policy and ESG policy embodies a deep respect for the environment and a commitment to its protection. These policies emphasize fostering a harmonious coexistence between humanity and nature, ensuring that every aspect of the Company's operations contributes to environmental preservation. Each department within Dilmah plays a vital role in further strengthening these commitments through innovative packaging developments, sustainable energy practices, and efficient waste management. Additionally, Dilmah has chosen to further commit to environmental stewardship through its Beyond Business initiatives led by Dilmah Conservation, a dedicated environmental arm with a mission to drive Dilmah's environmental sustainability efforts.



#### KEY HIGHLIGHTS FOR 2024/25

Dilmah was granted **official validation from the SBTi** for Near-term and Net-zero targets including FLAG

**Rediscovering** a hidden botanical gem in Sri Lanka – *Memecylon elegantulum*

Conducted the **first-ever water footprint assessment** in alignment with ISO 14066:2014

**Rs. 206 Mn**

spent for Dilmah Conservation initiatives

#### Stakeholder Outcomes

**Customers** - Enhanced brand trust and loyalty due to Dilmah's commitment to environmental conservation

**Suppliers** - Support to achieve the sustainability targets

**Employees** - Opportunities for skill development in sustainable agriculture and environmental stewardship

**Community** - Enhanced livelihood opportunities through sustainable agriculture and eco-friendly practices

#### Outputs for the Dilmah

**8%** year-on-year reduction in energy consumption

**250,350 kWh** of Solar energy generation within the facility equivalent to planting 2,929 trees (548,104 kWh equivalent to 6,413 trees - 2023/24)

**86.44%** of the Total Waste Recycled/Repurposed/Re-used (85.2% - 2023/24)

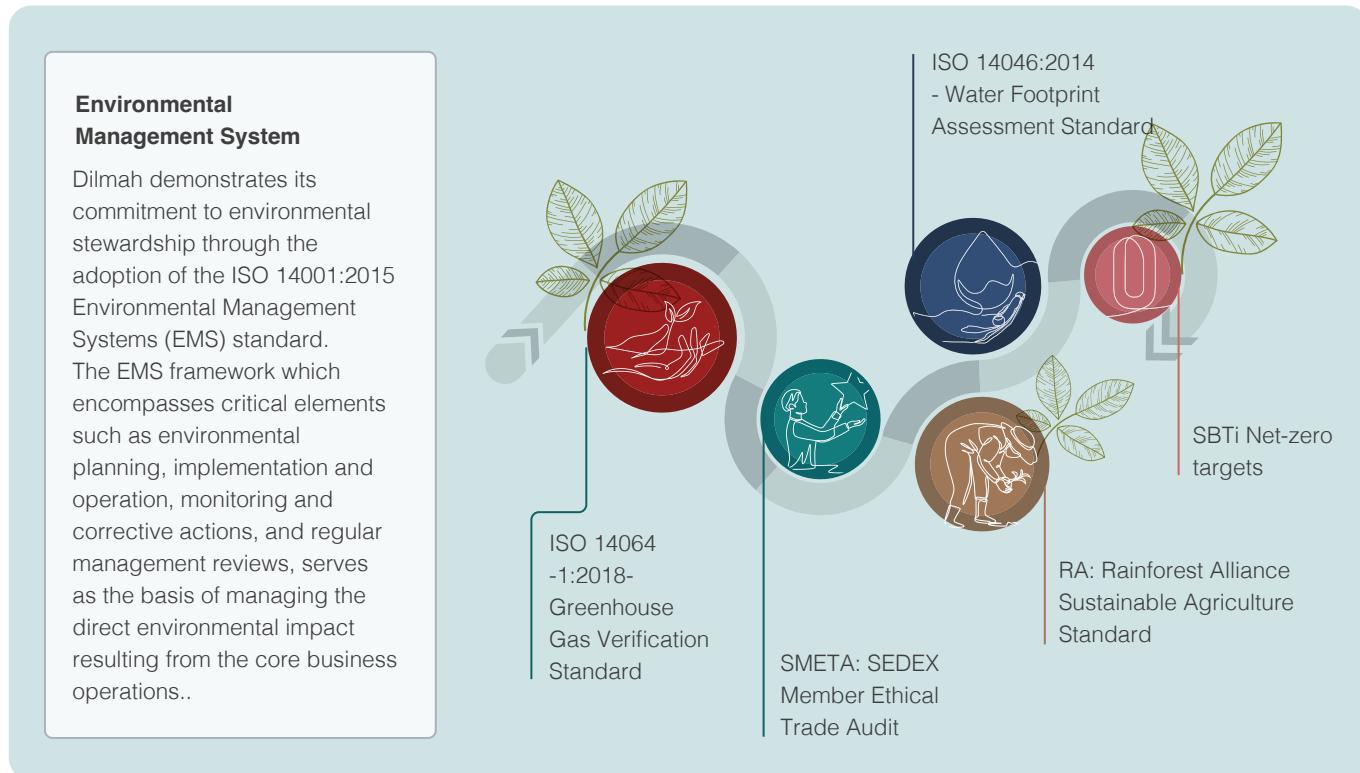
**45,213 MT CO<sub>2</sub>e** discharge of Emissions from tea gardens to the destination ports of all overseas markets (38,612 MT CO<sub>2</sub>e - 2023/24)

#### SUSTAINABLE DEVELOPMENT GOALS



# NATURAL CAPITAL

## DILMAH ENVIRONMENTAL IMPACT MANAGEMENT FRAMEWORK



### GRI 301-1 MATERIALS

Tea sourced from the Colombo auctions or directly from the network of tea smallholders around Sri Lanka, for production processes is the largest component of materials attributed to Dilmah's operations. Apart from Tea, the most significant material attributed to Dilmah's operations is packaging materials. In addition, the Company also procures herbs, flavouring agents and other essential items.

A total of **92.5%** of the materials used were derived from renewable sources, while only **7.5%** were from non-renewable sources.

Material Type	Unit	Data
Tea	MT	5,769.3
Cardboard	MT	2,070.3
Paper	MT	323.9
Composites	MT	507.3
Herbs	MT	156.8
Flavours	MT	48.8
Polythene	MT	66.4
Wood	MT	37.5
Tin caddy	MT	42.8
Porcelain	MT	19.2
Thread	MT	38.4

Material Type	Unit	Data
Plastic	MT	4.8
Glue	MT	17.4
Glass	MT	11.5
Metal	MT	8.1
Aluminium Wire	MT	1.5
Cloth	MT	1.0
Sticker	MT	49.6
Ink	MT	1.6
Rubber	MT	0.1
Paper (Filter)	MT	322.1
<b>Total</b>	<b>MT</b>	<b>9,498.4</b>

### GRI 301-3 RECYCLED / RECLAIMED PACKAGING MATERIALS

Due to stringent food safety regulations and hygiene standards, Dilmah does not use reclaimed materials in direct food contact packaging, pose potential contamination risks and may compromise product quality. For similar reasons, recycled materials are not used in primary packaging. However, in line with Dilmah's commitment to promoting circularity wherever feasible, recycled materials are utilised in secondary and tertiary packaging. The primary objective of these efforts is to ensure that, after use, these packaging components remain compatible with established recycling systems.

Likewise packaging innovation is considered a key priority to support Dilmah's goal of achieving 100% biodegradable packaging that can be easily composted in both domestic and industrial environments. To that end, the Company dedicates significant resources annually to improve sustainability of packaging materials. For more

information, please refer The Intellectual Capital Report on page 78

### GRI 302-1, 302-3, 302-4 ENERGY

As a value-added tea producer, Dilmah's operations rely on both non-renewable and renewable energy sources such as electricity, diesel, LP gas and solar energy.

#### Energy Management Approach

Dilmah's energy management is guided by two pillars of its sustainability strategy: Climate Mitigation and Adaptation and Facilities, Buildings and Machinery. Under the "Climate Mitigation and Adaptation" pillar which focuses on renewable energy generation, Dilmah has taken significant steps to reduce its dependence on these sources by investing in building a solid renewable energy infrastructure base. Investments in solar energy to date with a total capacity of 635.5 kWp, generated 250,350 kWh of clean energy during the reporting year.

Likewise, Dilmah has systematically increased its investment in hydropower

in group of companies since 2018 and today operates four hydropower plants: Queensberry (50 kW), Craighead (100 kW), Kataaboola (128 kW), and Wellandura (80 kW), with a combined capacity of 358 kW. In the year under review, these plants collectively generated 402,466 kWh of hydropower.

Meanwhile the "Facilities, Buildings and machinery" pillar focuses on the integration of energy-efficient technologies, infrastructure upgrades and regular monitoring to reduce energy intensity associated with non-renewable sources, ultimately lowering emissions. A key development during the year was the commissioning of a comprehensive Energy Monitoring System, designed to track and analyse energy usage across factory and office premises. This digital platform features detailed dashboards that provide online real-time data on energy use down to the equipment level, enabling the engineering team to promptly detect anomalies and take corrective action to improve efficiency.

Energy Source	Energy DCTC (GJ)	Energy MJFB (GJ)	Total Energy (GJ) 2024/25	Total Energy (GJ) 2023/24	Y-O-Y change (%)
Diesel:					
Generators	944.6	421.2	1,365.8	1,809.3	-24.5%
Vehicles	1,408.3	124.0	1,532.3	1,554.6	-1.4%
Machinery	117.9		117.9	131.4	-10.2%
Petrol:					
Vehicles	33.1		33.1	24.3	36.1%
Machinery	31.5	2.0	33.5	21.0	59.8%
Furnace Oil		1,173.7	1,173.7	1,060.2	10.7%
LP Gas	56.2	0.1	56.3	369.6	-84.8%
<b>Total Fuel Consumption from Non-renewable Sources</b>	<b>2,591.5</b>	<b>1,721.1</b>	<b>4,312.6</b>	<b>4,970.3</b>	<b>-13.2%</b>
Electricity Purchased	15,220.8	224.0	15,444.8	16,403.9	-5.8%
Electricity Generated (Solar)	644.5		644.5	790.0	-18.4%
<b>Total Energy Consumption</b>	<b>18,456.8</b>	<b>1,945.2</b>	<b>20,401.9</b>	<b>22,164.2</b>	<b>-8.0%</b>

# NATURAL CAPITAL

The energy intensity for the Dilmah Pelliagoda premises (DCTC) is 3.12 GJ per metric ton of tea produced, while the MJF Beverages facility (MJFB) in Rilhena records an intensity of 18.12 GJ per litre of liquid tea produced.

## Key Energy Efficiency Initiatives for 2024/25

- Installation of energy-efficient air conditioning systems to reduce cooling-related energy consumption.
- Replacement of old air compressors with energy-efficient models, resulting in lower energy usage.
- New conveyor belt systems introduced to minimise forklift use, reducing overall power consumption.
- Replacement of two forklift batteries, achieving a 20% reduction in energy use for material handling.
- Capacitor banks were installed to improve power factor and reduce

reactive power losses, enhancing electrical efficiency and lowering operational costs.

- Compressed air system optimisation, an ongoing project targeting 10% reduction in energy losses by minimising air leaks.
- Installation of Variable Frequency Drives (VFDs) for cooling tower motors to optimise pump energy use based on actual load, is another ongoing project targeting a 20% energy reduction.

GRI 305-1, 305-2, 305-3, 305-4, 305-5

## EMISSIONS

Since 2014, Dilmah has annually measured, reported, and verified its carbon footprint, with the emissions boundary encompassing all business operations under the Company's operational control, including both the parent entity and its subsidiary, MJF Beverages (Pvt) Ltd. An internally

developed emissions calculation manual details all relevant emission sources, designated focal points, data collection protocols, and calculation methodologies where:

- Scope 1 & 2 emissions are calculated using 100% primary activity data.
- Scope 3 emissions are assessed using a mix of 70% primary data and 30% secondary data, based on spend-based and average data methodologies. Dilmah's current GHG inventory covers 14 out of 15 Scope 3 categories outlined in the GHG Protocol's Corporate Value Chain (Scope 3) Standard.

The assessment is conducted in accordance with internationally recognised standards, namely ISO 14064-1:2018 and the GHG Protocol, and is independently verified with reasonable assurance against ISO 14064-3:2019 by the Sri Lanka Climate Fund.

## 2017/18

Peliyagoda factory and head office certified as carbon neutral - ISO 14064-1: 2006

## 2018/19

Dilmah achieves carbon neutrality for all products and factories  
ISO 14064-1: 2006

## 2019/20

Dilmah achieves carbon neutrality for the facility and all products up to Australia shelf - ISO 14067:2018  
ISO 14064-1:2018

## 2020/21

Dilmah achieves carbon neutrality for the event School of Tea

Carbon Footprint Calculation mode was digitalised

Dilmah achieves carbon neutrality for the facility and all products up to the destination ports of all overseas markets

ISO 14067:2018 / ISO 14064-1:2018

## 2021/22

Dilmah achieves carbon neutrality for the facility and all products up to the destination ports of all overseas markets

ISO 14067:2018

ISO 14064-1:2018

## 2023/24

Short-term and Net-zero targets (including FLAG) were submitted to SBTi for validation

## 2024/25

Dilmah received SBTi validation for its Near-Term, Net-zero, and FLAG targets, becoming the first company in Sri Lanka's Food and Beverage Processing sector to achieve this milestone



SCIENCE  
BASED  
TARGETS

DILMAH BECOMES THE FIRST COMPANY IN SRI LANKA'S FOOD AND  
BEVERAGE PROCESSING SECTOR TO SECURE SBTi VALIDATION  
ACROSS ALL THREE TARGET CATEGORIES

Dilmah received formal recognition from the Science Based Targets initiative (SBTi) for its full alignment with the SBTi Criteria and Recommendations. Following a rigorous and detailed review process conducted by the SBTi's Target Validation Team, Dilmah was granted official validation for its Net Zero targets comprising Near-Term, Long-Term, and Forest, Land and Agriculture (FLAG) commitments. The achievement places Dilmah as the first Company in Sri Lanka's Food and Beverage Processing sector to secure SBTi validation across all three target categories, underscoring the Company's pioneering role in driving credible, science-aligned climate action.

Category	Emission Source	GHG Emissions (MT CO <sub>2</sub> e)				
		DCTC 2024/25	MJFB 2024/25	Total 2024/25	Total 2023/24*	Y-O-Y change (%)
<b>Scope 1</b>	Stationary Combustion	68.37	121.01	189.38	224.39	-15.6%
	Mobile Combustion	111.40	8.76	120.16	117.81	2.0%
	Industrial Process Emissions	1.18		1.18	1.84	-35.6%
	Refrigerant and Air conditioning			-	93.50	-100.0%
	Wastewater Treatment and Discharge	111.23	22.95	134.18	141.49	-5.2%
	Fire Suppression Equipment	0.03	0.03	0.06	0.03	81.3%
	<b>Total Scope 1 Emissions</b>	<b>292.21</b>	<b>152.75</b>	<b>444.96</b>	<b>579.06</b>	<b>-23.2%</b>
<b>Scope 2</b>	Indirect Emissions from Purchased Electricity	1,717.41	25.28	1,742.69	1,742.23	0.0%
	<b>Total Scope 2 Emissions</b>	<b>1,717.41</b>	<b>25.28</b>	<b>1,742.69</b>	<b>1,742.23</b>	<b>0.0%</b>
<b>Scope 3</b>	Category 1: Purchased Goods and Services	31,560.29	260.54	31,820.83	27,380.43	16.2%
	Category 2: Capital Goods	2,252.15	0.43	2,252.58	615.37	266.1%
	Category 3: Fuel & Energy Related Activities	328.34	34.01	362.35	647.54	-44.0%
	Category 4: Upstream Transportation and Distributions	2,322.64	0.08	2,322.72	2,008.34	15.7%
	Category 5: Waste Generated in Operations	37.89	0.0014	37.89	82.14	-53.9%
	Category 6: Business Travel	328.96		328.96	333.86	-1.5%
	Category 7: Employee Commuting	946.43	9.05	955.48	1,011.05	-5.5%
	Category 8: Upstream Leased Assets		0.69	0.69	0.75	-8.0%
	Category 9: Downstream Transportation and Distribution	0.55	2.69	3.24	2.16	50.0%
	Category 10: Processing of sold products		0.4	0.40	0.57	-29.8%
	Category 11: Use of Sold Products			-		
	Category 12: End of Life Treatment of Sold Products	2,768.30	13.21	2,781.51	2,372.17	17.3%
	Category 13: Downstream Leased Assets	218.63		218.63	218.63	0.0%
	Category 15: Investments	1,939.76		1,939.76	1,618.19	19.9%
	<b>Total Scope 3 Emissions</b>	<b>42,703.94</b>	<b>321.10</b>	<b>43,025.04</b>	<b>36,291.20</b>	<b>18.6%</b>
	<b>Total</b>	<b>44,713.56</b>	<b>499.13</b>	<b>45,212.69</b>	<b>38,612.49</b>	<b>17.1%</b>

\*The figures reported for 2023/24 were revised during the SBTi validation process, and the updated values are presented herein.

# NATURAL CAPITAL

The emission intensity for the Dilmah Pelliagoda premises is 7.55 metric tons of CO<sub>2</sub>e per metric ton of tea produced, while the MJF Beverages facility in Rilhena records an intensity of 4.65 metric tons of CO<sub>2</sub>e per litre of liquid tea produced.

In 2024/25, the organisation's total greenhouse gas emissions increased, primarily driven by a significant rise in Scope 3 emissions from 36,291.20 tCO<sub>2</sub>e in 2023/24 to 43,025.03 tCO<sub>2</sub>e, reflecting an increase of nearly 19%. This was largely influenced by higher emissions in Purchased Goods and Services, Capital Goods, and End-of-Life Treatment of Sold Products. Notably, the increase in Capital Goods emissions is linked to the refurbishment of the office building, which involved substantial material use and energy-intensive construction activities. Scope 2 emissions, from purchased electricity, remained nearly constant. Overall, the data highlights the growing impact of indirect value chain activities on the company's carbon footprint.

GRI 303-1, 303-2, 303-3, 303-4, 303-5

## WATER

At Dilmah, water is used primarily for sanitation and cleaning purposes. Water requirements are sourced from municipal water lines and on-site tube wells, depending on the location.

### Water Management Approach

Dilmah has integrated water stewardship into its broader sustainability agenda. Given that both operational sites - Peliagoda and Rilhena are located in high water-risk zones, as indicated by the WRI Aqueduct Water Risk Atlas (scoring between 3–4 on a 5-point scale), water management is designated as a key priority under the Company's Sustainability Strategy.



Water saving is aggressively promoted through continuous improvement and awareness. As part of the overall approach, water consumption is continuously monitored across all major points of use including production facilities, utility operations, sanitation systems, and landscaping, with daily and monthly tracking to detect inefficiencies, identify potential leakages, and take timely corrective action.

Additionally, Dilmah has committed to advance water sustainability through rainwater harvesting, recycling, and reuse. Accordingly, once used, wastewater is treated and repurposed, collected in a designated fire well and utilised for landscaping and gardening. Rainwater harvesting systems have also been installed at the Company's Headquarters, the One Earth Centre in Moratuwa, and selected tea estates under Kahawatte Plantations PLC, which collectively offer a harvesting capacity of 129,799 m<sup>3</sup>.

To scale up the company's rainwater harvesting infrastructure, preliminary feasibility studies were conducted by the Lanka Rain Water Harvesting Forum (LRWHF) in December 2024 at Endane and Houpe estates, with a view to expanding rainwater harvesting capacity across the Kahawatte Plantations footprint.

In 2024/25, Dilmah undertook its first-ever water footprint assessment in alignment with ISO 14046:2014, using the Water Footprint Network's methodology. This comprehensive evaluation was validated by a third party, marking a significant milestone in enhancing the accuracy and credibility of the Company's water performance data and reinforcing its commitment to sustainable resource management.

	Water Footprint DCTC	Water Footprint MJFB
Direct Green Water Footprint	N/A	N/A
Direct Blue Water Footprint	11,851 m <sup>3</sup> /year	527 m <sup>3</sup> /year
Direct Grey Water Footprint	7,647 m <sup>3</sup> /year	353 m <sup>3</sup> /year
Total Direct Water Footprint	19,498 m <sup>3</sup> /year	880 m <sup>3</sup> /year
Exclusions – Indirect water footprint of the business operation		

	2024/25	2023/24	Y-O-Y (%)
Volume of Water withdrawn and Consumed (Third Party water Municipal Water) (ML)	35.93	39.15	-8%
Water Discharged to the WWTP (ML)	23.01	41.11	-44%



GRI 306-1, 306-2, 306-3, 306-4, 306-5

## WASTE

Dilmah's operations as a manufacturer of value-added tea generates mainly non-hazardous waste including tea waste, paper, cardboard, plastic, and polyethylene, which arise from production, packaging, testing and administrative activities.

### Waste Management Approach

Dilmah adopts a structured and systematic approach to waste management, ensuring that all waste generated across its operations is handled in accordance with regulatory standards and industry best practices. Formally documented waste management procedures developed in line with global best practices, establish clear protocols for the management of

the entire waste management lifecycle for various waste streams.

These standard practices dictate that all waste is stored in designated secure areas, with secondary containment sites provided where needed to mitigate environmental risks. Additionally, waste is handled strictly by trained personnel using designated, clearly labelled containers to prevent cross-contamination, while emergency response procedures are in place to manage accidental spills.

Moreover, only authorised and licensed vendors are engaged for waste transportation, disposal, or recycling in compliance with environmental regulations. In parallel, Dilmah explores opportunities to collaborate with

In 2024/25, Dilmah completed its first water footprint assessment aligned with ISO 14046:2014, validated by a third party—reinforcing its commitment to credible, sustainable water management.

specialist recyclers and environmental service providers to enhance the circularity of its operations.

All waste is tracked and recorded, while procedural compliance is verified through daily segregation checks at the source, routine inspections of storage areas, and comprehensive documentation of all waste collection and disposal activities. Quantitative tracking enables the identification of irregularities in waste volumes that require swift corrective action.

Regular internal audits are conducted to assess compliance with waste handling procedures, identify gaps, improve operational practices, and support alignment with ISO standards. Audit findings are thoroughly documented, and any corrective actions are tracked through to completion. Periodic waste audits are performed to evaluate types and quantities of waste generated and identify opportunities for reduction, reuse, or improved processing.

# NATURAL CAPITAL

Type of Waste	Disposal Method	2024/25 Quantity (kg)	2023/24 Quantity (kg)	Y-O-Y change (%)
Paper and Board	Recycle	168,237	96,888	74%
	Reuse	163	35,600	-100%
Polythene	Recycle	5,983	22,617	-74%
	Incineration with Energy Recovery	42,280	46,120	-8%
Tea Waste	Reuse	24,000	59,460	-60%
Metal	Recycle	22,631	12,130	87%
Wooden	Reuse	13,163	8,280	59%
Plastic	Recycle	2,182	1,853	18%
	Reuse	20	-	-
E-waste	Recycle	694	560	24%
Sanitary Waste	Incineration without Energy Recovery	117	130	-10%
Food Waste	Reuse	32,474	28,333	15%
<b>Total</b>		<b>311,945</b>	<b>311,972</b>	<b>-0.01%</b>

## EFFLUENTS

Dilmah's operations generate two main types of effluents: greywater (from handwashing stations, sinks, and showers) and blackwater (from toilet flushes and urinals).

### Effluent Management Approach

Dilmah is committed to manage effluents to ensure they do not pose a risk to the environment or surrounding communities. A formally documented effluent management procedure mandates full compliance with the discharge standards set out under the Environmental Protection License (EPL) issued by the Central Environmental Authority (CEA) of Sri Lanka.

Accordingly, all effluents are routed to an on-site wastewater treatment plant (WWTP), which is equipped to treat wastewater to meet the specified environmental parameters. The plant ensures compliance with key quality metrics including pH, Chemical Oxygen Demand (COD), Biological Oxygen

Demand (BOD), Total Suspended Solids (TSS), oil and grease, and heavy metals.

To ensure ongoing compliance, effluent quality is subjected to regular internal monitoring and testing, with results systematically recorded. In addition, external laboratory tests are carried out on a quarterly basis to validate the effectiveness of the treatment process and verify safe discharge.

Following treatment, a significant proportion of the reclaimed water is reused for landscape irrigation, supporting Dilmah's green spaces and reducing freshwater demand. A dedicated fire well is also maintained, using a portion of the treated water as an emergency response resource for fire protection.

All records related to effluent treatment, including treatment logs, test reports, and EPL compliance documents are maintained to ensure traceability, facilitate regulatory reporting, and support continuous improvement.

The wastewater treatment plant has a design capacity of 110 m<sup>3</sup> per day, with typical daily throughput ranging from 60 to 70 m<sup>3</sup>, which equates to an estimated annual treated output of between 15,840 m<sup>3</sup> and 18,480 m<sup>3</sup>.

### FIND YOUR INSPIRATION AT DILMAH Spreading sustainability awareness among employees

The Find Your Inspiration at Dilmah initiative, is designed to enhance employee awareness of sustainability and circular economy concepts. Multiple projects have been conducted over the past years, and during the reporting year, "Sustainable Lifestyles" was selected as the central theme.

Under the selected theme, 'Seasonal Sustainability', a competition was organised featuring sustainable Christmas tree designs made from production waste. This initiative aimed to further encourage employees to adopt eco-conscious practices in their daily lives.

## Sustainable Lifestyle Series - Sessions

Introduction and seasonal sustainability



Eco Wellness



Slow Cooking



Smart your cart



Sustainable Heroes

## Employee engagement for FYID

- Interactive quizzes
- Competitions
- Awareness session
- Filed workshops



## Stronger Together 2.0

Building on the foundation laid in Phase 1—where suppliers were introduced to our long-term sustainability vision, the Supplier Partner Code of Conduct, and the Stronger Together platform—Phase 2 focuses on the practical implementation of the platform. This next phase reinforces collaboration and embeds sustainable practices across the supply chain by equipping suppliers with the tools, guidance, and support needed to translate shared commitments into concrete actions and measurable impact.

### Phase 02 comprises 3 key areas:

#### 1. Capacity Building and Training on ESG Pillars:

Training sessions focused on key ESG areas, including sustainability strategy development, environmental impact measurement (carbon and water footprints, life cycle analysis, waste management), human rights, child labour, anti-bribery practices, and emerging regulations like new EU standards. These sessions provided suppliers with essential tools to integrate sustainability into their operations and comply with global requirement.



Sustainability



Sustainable Sourcing



Environmental Pollution



Biodiversity Conservation



Carbon and Water Footprint



Packaging Sustainability

#### 2. Support for Decarbonisation and Humanitarian efforts

- Providing financial and technical support for suppliers' decarbonisation and humanitarian efforts, starting with the tea sector.

#### 3. Creating an online channel

- Where suppliers can interact and publish their sustainability stories.

## SUSTAINABILITY BEYOND BUSINESS

### Strengthening Supply chain sustainability

Supply chain sustainability is key for business sustainability. More than 85% of scope 3 emissions are within the upstream and downstream value chain.

### Stronger Together Initiative – Advancing Supplier Sustainability

As part of our commitment to environmental stewardship and sustainable growth, the Stronger Together initiative was launched with the primary objective of raising awareness and enhancing sustainability practices across our supplier network. This programme is designed to support suppliers in achieving their sustainability goals through practical, hands-on training, capacity building and targeted financial assistance - particularly in the areas of decarbonisation and humanitarian action.

### Phase 01: Engagement and Introduction

To lay a strong foundation for collaborative progress, we

convened a series of focused supplier conferences tailored to key segments of our supply chain. These sessions aimed to drive meaningful dialogue, share best practices, and build technical know-how around sustainability while introducing Supplier Partner Code of Conduct.

#### Key engagement events included:

**Knowledge Sharing Session for Packaging Suppliers**  
Focused on sustainable packaging innovations and reducing carbon footprints in packaging operations - July' 23.

#### Knowledge Sharing Session for Tea Sector

Centered on climate resilience, and ethical labour practices within the tea supply chain - December' 23.

#### Knowledge Sharing Session for Ingredient and Other suppliers

Brought together suppliers of other key ingredients, logistics providers, and partners to address global sustainability regulations, climate change vulnerability and other crosscutting challenges and opportunities. - February'25

# NATURAL CAPITAL

## PROMOTING CIRCULAR ECONOMY

### Strengthening Circularity practices beyond business

As part of its commitment to go beyond business circularity, Dilmah drives sustainable innovation through initiatives like Ecovation and Climate Forward. These programmes empower youth and local inventors to develop practical, eco-friendly solutions in areas such as packaging, waste management, energy, agriculture, and water conservation. By providing mentorship, Seed funding opportunities, and exposure to investors, Dilmah fosters a culture of innovation that addresses pressing climate challenges while creating long-term environmental and social value.

Project	Description
<b>Ecovation 2016</b>	Ecovation 2016, under the Merrill J. Fernando Innovation Awards, showcased sustainable innovations aligned with green economy principles. It identified practical, eco-friendly solutions in waste, water, and agriculture, promoting local innovation for environmental sustainability
<b>Ecovation 2021</b>	Ecovation 2021, launched by Dilmah amidst COVID-19 and climate change, promoted sustainable innovation in eco-friendly packaging and resource efficiency. The virtual competition supported local talent with funding, IP guidance, and investor exposure, reinforcing Dilmah's commitment to green solutions.
<b>Sustainable Climate Action Challenge 2023</b>	In collaboration with the European Union, Dilmah Tea, and Genesis- Dilmah Center for a Sustainable Future, a youth-focused competition was launched to inspire sustainable plastic waste solutions. From 45 applications, 9 teams underwent intensive mentorship and training, leading to the selection of three winning innovations at the final demo day.
<b>Climate Forward 2024</b>	Climate Forward is a youth-focused initiative by Dilmah Conservation and Genesis, launched alongside the Code Red Sri Lanka Climate Summit to transform high-level climate discussions into action. With over 80 applicants, the programme empowered undergraduates and postgraduates to develop innovative, climate-smart business ideas in key sectors such as smart agriculture, energy, mobility, water conservation, and green infrastructure.

GRI 304-1, 304-2, 304-3

### DILMAH CONSERVATION

Dilmah's commitment to biodiversity preservation is operationalised through its dedicated environmental arm - Dilmah Conservation (DC). Established in 2007 as an extension of the Company's founding philosophy of making business a matter of human service, DC drives initiatives that restore ecosystems, safeguard endangered species, and promote climate resilience. Central to these efforts are four DC hubs known as the Dilmah One Earth Centres, each focusing on specific thematic outcomes. These centres serve as platforms for research, education, and community engagement climate preparedness, in areas such as sustainable agriculture, environmental stewardship, and ecosystem protection.

In addition to the One Earth Centres, DC also runs a variety of targeted conservation projects across Sri Lanka, addressing critical environmental concerns such as the protection of wetlands, mangroves, marine ecosystems, and native bee populations. These projects are implemented either directly through the One Earth Centres or via collaborative efforts reflecting Dilmah's integrated and scalable approach to environmental conservation. None of our operational sites are located in areas of high biodiversity.

### DILMAH CONSERVATION & SUSTAINABILITY

One Earth Centre  
Moratuwa:  
**SDG 4, SDG 17**

One Earth Field Research  
Station Endane **SDG 13,  
SDG 15, SDG 12, SDG 17**

One Earth Climate Change  
Research Centre -  
Nawalapitiya **SDG 4, SDG 13**

One Earth Centre -  
Kalkudah  
**SDG 4, SDG 13**

### Key Objective: To Safeguard the Biosphere



Biodiversity  
Conservation &  
Restoration



Climate Resilience  
Research,  
Adaptation  
& Sustainability



Environmental  
Education &  
Awareness



Environmental  
Advocacy

### Key Highlights from Dilmah One Earth Centers

<b>Centre</b>	<b>Workshops and Beneficiaries</b>	<b>Educational Collaborations / Research and onsite practical sessions</b>
<b>Moratuwa</b>	<p>7 public workshops – 300 beneficiaries</p> <p>9 government, NGO and corporate visits- - 302 beneficiaries</p> <p>11-school visits- 662 beneficiaries</p> <p>05 university field visits – 121 beneficiaries</p>	<p>09 Undergraduate Internship: University of Jayawardenapura (01), Aquinas Higher education Centre (02) and University of Colombo (06)</p> <p>01Undergraduate Research on Bees: “Assessing Colony Health and its Impact on Bee Tourism” by University of Colombo</p> <p>Practical sessions: Department of Urban Bio resources, University of Sri Jayewardenepura</p> <ul style="list-style-type: none"> <li>• 02 Batches: including 36 and 44 undergraduates</li> <li>• Total practical hours 70 hours</li> </ul> <p>Focus area: organic farming and beekeeping</p>
<b>Endane</b>	<p>27 Ecological Restoration Workshops – 458 beneficiaries</p> <p>01 head office workshop – 17 beneficiaries</p> <p>05 partner organisation workshops – 23 beneficiaries</p> <p>10 school-based workshops – 213 students</p> <p>10 university workshops – 188 undergraduates</p>	<p>06 Undergraduate Internships : Faculty of Technology, Colombo University (01), Faculty of Agriculture, Rajarata University (05)</p> <p>Focus areas: Project Management and Ecosystem Restoration</p> <p>On-site Trainings:</p> <ul style="list-style-type: none"> <li>• Tree planting</li> <li>• Nursery management</li> <li>• Environmental data collection</li> </ul> <p>09 Research studies</p>
<b>Nawalapitiya</b>	<p>03 workshops with international organisations - 34 beneficiaries</p> <p>05 workshops with local universities - 250 beneficiaries</p> <p>04 school workshops - 200 beneficiaries</p> <p>04 other workshops (Community, NGOs, &amp; other.) -155 beneficiaries</p>	<p>15 ongoing research studies (13- Local, 02- Global)</p> <p>13 Ongoing Local Research studies: 07 studies on climate change, 03 studies on bee and honey production,03 studies on ecology</p> <p>Partnering with:</p> <ul style="list-style-type: none"> <li>• University of Peradeniya</li> <li>• University of Rajarata</li> <li>• University of Sabaragamuwa</li> <li>• University of Colombo</li> <li>• Other Local stakeholders</li> </ul> <p>02 Ongoing Global Collaborative Research Studies</p> <p>Conducted in partnership with international institutions, focusing on air quality, greenhouse gas measurements, and the ecological impact of atmospheric nitrogen on forest health.</p> <p>02 Completed Research Studies with a University of Peradeniya &amp; University of Ruhuna</p> <p>Nawalapitiya Station was utilised as a sampling site for moth diversity research, contributing to biodiversity monitoring and ecological data collection.</p>

# NATURAL CAPITAL

Centre	Workshops and Beneficiaries	Educational Collaborations/ Research and Onsite Practical Sessions
Kalkudah	<p><b>05</b> Beekeeping Workshops – 165 beneficiaries</p> <p><b>05</b> Climate Change &amp; Environmental Workshops – 142 beneficiaries</p> <p><b>01</b> Beach Cleanup Programme – 103 participants</p> <p><b>01</b> Smart Agriculture Workshop – 30 beneficiaries</p>	Beekeeping research studies with South Eastern University, Sri Lanka- ongoing discussions

## ONE EARTH CENTRE MORATUWA:

A formal Memorandum of Understanding (MoU) was signed between Dilmah Conservation, the University of Sri Jayewardenepura (USJ), represented by the Department of Urban Bioresources, Faculty of Urban and Aquatic Bioresources to initiate a collaborative programme focused on academic research, practical applications, outreach, and urban bioresource management through shared resources and expertise.

### Key aspects of the collaboration include:

- Joint academic, outreach, and research programmes to be held at Dilmah's One Earth Centre in Moratuwa.
- Semester-wise academic activities and other initiatives will be scheduled based on mutual agreement.
- USJ-appointed team members, department staff, students (undergraduate and postgraduate), and researchers will visit One Earth Centre for collaborative activities.
- All activities will be implemented upon mutual agreement between USJ and Dilmah.

USJ will provide expertise, consultation, student engagement, and productivity-related contributions throughout the programme.

Residing in an urban setting, the One Earth Centre Moratuwa plays a vital role in promoting sustainability by serving as both a model and a catalyst for positive environmental change. The Centre promotes sustainable living through its features, including the Urban Arboretum, Butterfly Garden, Medicinal Plant Garden, Organic Garden, and Hydroponic Unit, offering practical eco-friendly solutions within an urban setting.. By collaborating with community groups, educational institutions, and other partners, the Centre not only educates but also demonstrates that sustainable living is possible in urban areas, showing that it is possible to live in harmony with nature. Furthermore, its close collaboration with initiatives such as the MJFCF Women's



Development Programme, MJF Kids and special needs programmes (Rainbow Project) reflects its commitment to reducing social inequality by providing inclusive education and skill-building opportunities to undeserved communities, thereby contributing to a more equitable and sustainable future.



Urban Arboretum	Butterfly garden	Medicinal Garden and Traditional Yam Pot	Heritage Centre
No. of trees: <b>283</b> No. of species: <b>100+</b> No. of threatened species: <b>09</b> No. of endemic species: <b>15</b> Area: <b>70</b> perches	Baseline butterfly species count: <b>05</b> Present butterfly species count: Over <b>35</b> No. of endemic species recorded: <b>02</b> Baseline tree species count: <b>10</b> Present tree species count: <b>60+</b> Area: <b>650 m<sup>2</sup></b>	<b>95+</b> species of medicinal plants Collection of <b>10</b> yam varieties	The exhibition showcases over <b>100</b> traditional Sri Lankan implements, reflecting the rich heritage of farming, fishing, and household practices

The Moratuwa Centre promotes sustainability through waste collection, segregation, recycling, rainwater harvesting for gardening (90 m<sup>3</sup> capacity), and a 15 m<sup>3</sup> biogas system that converts kitchen waste into cooking fuel. Further the Centre promotes sustainable farming through hydroponics using organic inputs like vermiwash and neem oil, and open-field cultivation with natural fertilisers such as compost, cow dung, and vermicompost—enhancing soil health, reducing chemical use, and improving water efficiency for environmentally friendly crop production.

#### Other collaborative initiatives with MJFCF

<b>Empower Culinary and Hospitality school – (ECHS)- Curriculum-based agriculture classes</b> Together with the Agriculture Innovation Nucleus Dilmah Conservation offers a comprehensive curriculum on key principles of organic and urban gardening covering crop systems, greenhouse and soilless farming and techniques such as hydroponics, aeroponics, and aquaponics. Students also gain hands-on experience with organic fertiliser production and explore various crops, spices, herbs, and edible flowers. <b>02</b> batches with <b>16</b> students from each batch <b>49</b> sessions – <b>448</b> hours	<b>Home Gardening and Environmental Sessions for MJF kids</b> Students from Grades 1 to 11 were given the opportunity to engage in a hands-on, educational activities focused on sustainable gardening. Through interactive and age-appropriate sessions, the programme introduced young learners to the basics of home gardening, including fertiliser handling, nursery preparation, plant identification and practical sessions in pruning and harvesting. <b>376</b> Participants – <b>37</b> hours	<b>Home gardening for Rainbow Students (A Pilot Project)</b> A special programme designed to empower differently-abled students by engaging them in meaningful, hands-on gardening activities. With gentle guidance and accessible methods, students learned about planting, caring for crops, and understanding the basics of home gardening. The initiative not only encouraged sensory development and motor skills but also fostered a sense of independence, responsibility, and joy in nurturing living things. As part of the programme, tailored home gardening sessions were also conducted for visually impaired children, focusing on teaching them how to identify various leafy vegetables through touch and scent. <b>12</b> students
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# NATURAL CAPITAL

## Agriculture Course for the Women Development programme of MJFCF

An agriculture course to empower women with practical and income-generating skills. Participants received hands-on training in home gardening, waste management, nursery management, plant propagation techniques, disease identification and management, as well as ornamental flower cultivation. This comprehensive training aims to equip women with the knowledge and tools needed to not only support their households but also explore opportunities for sustainable income through agricultural practices.

**2** batches **43** Participants,

**34** hours

## ONE EARTH FIELD STATION ENDANE

This Centre promotes nature-based agriculture, where tea plants are uprooted to facilitate restoration of a depleted ecosystem. Apart from this direct activity, the centre has adopted a multi-stakeholder approach to further strengthen restoration efforts. The centre also provides opportunities for local community members to gain a deeper understanding of sustainability principles by getting involved in various activities such as nursery management, organic farming, and beekeeping. Endane Biodiversity Corridor is the flagship project under this centre.

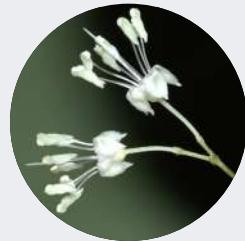


## Endane Biodiversity Corridor (EBC)

### REDISCOVERING A HIDDEN BOTANICAL GEM

#### IN SRI LANKA – *Memecylon elegantulum*

a newly published study titled “Reinstatement of *Memecylon elegantulum* (Melastomataceae) and recircumscription of *Memecylon rostratum*, two species endemic to Sri Lanka” has brought renewed hope to conservationists and researchers alike.



*Memecylon elegantulum* had been overlooked for decades, known only from limited material and previously treated as a synonym of *M. rostratum* in the Flora of Ceylon. Thanks to the dedicated fieldwork surrounding Dilmah’s Endane Biodiversity Corridor project, its research team was able to confirm its distinct identity - validating it as a rare endemic angiosperms (flowering plants) of Sri Lanka.

The genus *Memecylon* remains one of the most under-studied plant groups in Sri Lanka, with many species being rare and poorly understood. This study provides detailed descriptions, typifications, and photographs of two such species that had long remained insufficiently known due to lack of field data.

This elegant member of the Melastomataceae family can now be recognised by its white flowers, long pedicels, and subtle morphological characters that set it apart from *M. rostratum*. This discovery was made possible through the floristic surveys surrounding the EBC project.

## Endane Biodiversity Corridor (EBC)

Initiated by Dilmah Founder Merrill J. Fernando, the Endane Biodiversity Corridor (EBC) stands as the flagship biodiversity restoration project under Dilmah Conservation. Launched in 2018, the project is jointly funded by Dilmah Ceylon Tea Company PLC and the Fondation Franklinia of Switzerland and is implemented in partnership with the Rajarata University of Sri Lanka.

Managed under the stewardship of the One Earth Field Station - Endane, the project aims to restore ecological connectivity by converting degraded tea land into tropical lowland rainforest. To date, approximately 40 hectares have been successfully reforested, creating a vital corridor that links two separate forest reserves and facilitates

the migration of endemic and threatened species. A dedicated 5-hectare zone within the corridor has been earmarked for long-term restoration and ecological monitoring.

- **13,804** seedlings from **173** species, **85** are Globally threatened
- **60** globally threatened tree species planted both in-situ at Endane and ex-situ at the Seethawaka Botanical Garden.
- **6,180** seedlings planted in EBC (In-situ) and **1,120** distributed to **5** ex-situ restoration sites with the supervision of EBC

The initiative goes beyond reforestation, integrating community participation, livelihood support, and a Payment for

Ecosystem Services (PES) scheme to promote sustainable land use. Through the PES programme, local communities are rewarded for adopting best practices in pollination, reforestation, and the sustainable management of non-timber forest products, ensuring both ecological and economic benefits.

The establishment of the Endane Field Research and Conservation Centre further supports ongoing ecological research and conservation activities.

Recognised for its scientific rigour and ecological value, the Endane Biodiversity Corridor was awarded the prestigious Franklinia grant and continues to serve as a pioneering model for large-scale habitat restoration and community-based conservation in Sri Lanka.

#### **ONE EARTH CLIMATE CHANGE RESEARCH CENTRE NAWALAPITIYA**

The One Earth Climate Change Research Centre in Nawalapitiya is Sri Lanka's first private-sector Climate Change Research Station, established by Dilmah Conservation at Queensbury Estate in 2017. As a pioneering initiative, the centre plays a vital role in addressing the lack of scientific data on climate change in Sri Lanka. It has supported numerous groundbreaking research studies focused on understanding the impacts of climate change and developing effective adaptation and mitigation strategies, contributing significantly to national efforts in environmental resilience and sustainability.



#### **Facilitating for SANH-South Asian Nitrogen Hub**

- The SANH (UKE) research project focuses on assessing the ecological impacts of ammonia through a controlled enhancement system established within a designated sampling plot.
- A detailed lichen survey was conducted at the proximity of the research center and the impact of ammonia pollution was monitored through lichens as a bio indicator.
- As a part of this research a comprehensive weather data collection tower was established and few parameters of weather data such as Rainfall, Temperature, Humidity, Windspeed are monitored.

#### **Beekeeping for Veddah community**

In 2024 a special workshop was conducted for the Veddah community to raise awareness about the negative impacts of traditional honey extraction practices from the forest. The session focused on guiding them toward sustainable beekeeping methods using bee boxes, aiming to preserve the environment while providing alternative livelihoods.

Building on these efforts in 2025, six members of the Veddah community were provided with bee boxes and essential beekeeping tools to commence practicing sustainable beekeeping, marking a successful step towards environmentally friendly and economically beneficial livelihood practices.

#### **One Earth Centre – Kalkudah**

The One Earth Centre in Kalkudah extends Dilmah Conservation's initiatives into Eastern Sri Lanka. This centre is aligned with Dilmah Conservation's regional objectives of enhancing livelihood opportunities and building climate resilience among communities through the introduction of innovative and sustainable practices, climate-smart practices in agriculture and animal husbandry along with comprehensive livelihood support and ecosystem restoration efforts.

Similar to the Moratuwa facility, the Kalkudah complex also contains a an Arboretum as well as an organic farming model.

#### **OTHER CONSERVATION EFFORTS**

##### **Elephant Conservation**

Dilmah Conservation supports the Elephant Transit Home in Udawalawe by sponsoring the care of orphaned baby elephants and spreading awareness on elephants and their importance.

##### **Dilmah foster parented the 4th baby in 2024 - Baby Dilly**

Five impactful workshops were conducted for different groups at the Elephant Knowledge Walk – Udawalawe

- Faculty of Architecture students
- General Sir John Kotelawala Defence University (KDU)
- MJFCF Kids Programme students
- Udawalawe National School students



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- University of Moratuwa –Town and Country Planning Department students
- University of Kelaniya – Faculty of Science students (Environmental Conservation and Management)



## CONFLICT TO HARMONY – FRESH PERSPECTIVES ON THE HUMAN-ELEPHANT CONFLICT

Dilmah Conservation together with Genesis facilitated a vital platform, “Conflict to Harmony” for students from the University of Moratuwa’s Department of Town and Country Planning (TCP) to present research on mitigating human-elephant conflict from the lens of landscape management. The event brought together key stakeholders from wildlife conservation, agriculture, and urban planning, highlighting innovative, landscape-based proposals aimed at promoting coexistence.



The session focused on critical themes including:

- Addressing Human-Elephant Conflict – Recognising the dual impact on communities and wildlife.
- Knowledge-Sharing and Collaboration – Engaging experts, academics, and policymakers to develop strategic solutions.
- Landscape Management Solutions – Promoting protected areas and ecological corridors.
- Education and Awareness – Enhancing public understanding through initiatives like information centers.
- Community Engagement – Involving local communities to ensure sustainable, inclusive solutions.
- Collaboration and Policy Influence – Working with bodies such as the Department of Wildlife Conservation and UDA to drive policy change.
- Promoting Sustainable Coexistence – Aiming to foster environments where both humans and elephants can thrive.

This initiative reflects Dilmah's commitment to conservation through innovation, education, and multi-stakeholder engagement.

## BIODIVERSITY ASSESSMENT

Dilmah Conservation field experts carried out a comprehensive baseline survey at the Kappal Adi Kite Lagoon mangrove restoration site in Kalpitiya, documenting 144 wildlife species and 62 native plant species, including several mangrove varieties. This survey provides a critical scientific foundation for the restoration initiative, helping to identify the most suitable zones for planting and guiding the selection of appropriate mangrove species tailored to the local ecosystem.

## WETLAND CONSERVATION

An initiative by Dilmah Conservation in partnership with the Sri Lankan Urban Development Authority (UDA) to preserve the Beddagana Wetland Park. This initiative focuses on consistent park maintenance and expert-led education and awareness programmes aimed at emphasising the ecological importance of the wetland to increase visitor footfall.

**36** environmental workshops conducted  
**+1,400** Participants engaged from diverse groups: including schools, corporate visitors, NGOs, universities, surrounding communities, general public.

A Nature Club was established to educate and involve children from the communities near the park in conservation activities.



## Defending Mangrove

An ongoing conservation effort by Dilmah Conservation to restore 25 acres of degraded mangrove forest in Kappal Adi Lagoon, Kalpitiya. To that end, Dilmah has invested in an extensive mangrove plant nursery nurturing over saplings across 7 species. The use of science-based planting techniques have ensured an above average success rate in all planting activities that have been completed since its inception in October 2022.



### MARINE CONSERVATION:

On World Oceans Day (8th June), Dilmah partnered with the University of Colombo and Uva Wellassa University to launch Phase I of a coral conservation project in Port City, Colombo. Building on prior efforts that contributed to protecting the Kayankerni Marine Reef, the initiative aims to study coral diversity in an urban setting through baseline surveys, mapping, data collection, and impact assessments using innovative technologies.

### Greening Batticaloa Phase 2

Dilmah Conservation, in collaboration with USAID and the Sri Lanka Cashew Corporation, signed a Memorandum of Understanding (MOU) to launch a sustainable cashew cultivation project to help farmers gain economic stability and climate resilience by growing and harvesting cashew sustainably by

supporting them through training and resources to adopt climate resilient soil conservation and water conservation strategies.

In 2024, the pilot project for "Greening Batticaloa Phase 2" progressed, with **1,400** cashew plants and intercrops being distributed among 20 farmers.

### A training on Climate adaptation

was conducted with the technical assistance of USAID for 20 farmers. Further necessary technical advice was also provided by Natural Resources Management Centre (NRMC) in the areas of land preparation and relevant climate adaptation practices and climate-resilient cultivation practices, tailored to specific soil types, topography, and intercropping needs. Following NRMC's recommendations, farmers have now completed land preparation and planted cashew plants along with intercrops identified as suitable for their lands.

### Apiculture Project – Bee A Keeper

The "Bee A Keeper" Apiculture Project was launched in 2020 by Dilmah Conservation with the intention of conserving the Sri Lankan bee population. In 2023, the project was extended to all four One Earth Centers.



### WLI Asia – Oceania Conference

Dilmah was proud to partner with the Wetland Link International (WLI) Asia-Oceania Conference, hosted for the first time in Sri Lanka. On the fourth day of the conference, Dilmah welcomed over 65 participants from across Asia-Oceania to the Beddagana Wetland Park in Colombo. Guided by a team of wetland educators, conference participants—including wetland researchers—were astonished by the rich biodiversity thriving within this urban wetland. As the network's flagship event, the conference facilitates the sharing of best practices and lessons learned from wetland conservation, education, participation, and awareness (CEPA) activities, while also shaping future plans for the network.

### Dusk to Dawn: Exploring the Wetland Wonder

This was the first-ever night wetland excursion at Beddagana. Dilmah's "Dusk to Dawn" event, held on February 1st and 2nd in celebration of World Wetlands Day, aimed to raise awareness about wetland biodiversity and the importance of protecting these ecosystems. Hosted at the Beddagana Wetlands of the Ramsar-accredited Colombo Wetland Complex, the event offered free public access and included expert-led knowledge sessions, a wetland night walk, and interactive experiences such as mist netting, bat education, and camera trapping demonstrations. A panel discussion highlighted conservation efforts and the significance of the Ramsar status. On the second day, a guided morning walk included a fun and educational scavenger hunt for children, promoting awareness of native and endemic species.

Bee awareness, bee research, beekeeping, and supporting livelihoods are the key objectives of the project. The project is implemented across all Dilmah One Earth Centres, with the One Earth Climate Change Centre in Nawalapitiya serving as the research and project hub, the One Earth Centre in Moratuwa functioning as the Education and Awareness Hub, and the centres in Endane and Kalkudah operating as Community Beekeeping hubs.

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## Impact Summary 2024

- 92 bee colonies established and maintained across four regional hubs, enhancing pollinator biodiversity.
- 25+ Successful community beekeepers
- 259 schoolchildren engaged in experiential learning through training sessions and school-based bee gardens.
- 160 individuals trained in bee ecology, beekeeping, and sustainability, including plantation and hospitality sector staff.

## The Genesis Project

Genesis by Dilmah Centre for A Sustainable Future is a purpose-driven innovation platform designed to advance sustainable and inclusive development through sustainable entrepreneurship and nature-based solutions. Rooted in Dilmah's core values of environmental stewardship and social justice, Genesis serves as a dynamic hub where diverse stakeholders come together to co-create, test, and scale transformative models aligned with the UN Sustainable Development Goals (SDGs).

Genesis fosters climate resilience and regenerative enterprise, grounded in culture and community. It supports a holistic approach through research, policy dialogue, and investment, laying the foundation for long-term, impactful change.

Key focus areas include:

1. Harnessing Global Expertise to scale innovative sustainability solutions
2. Unlocking Subsidised Financing to accelerate Dilmah's conservation and sustainability efforts
3. Fostering Collaboration through a shared platform for knowledge exchange and community building

In addition, Genesis offers a curated Tea & Cinnamon Experience, celebrating the heritage, and cultural richness at the heart of Dilmah's story.

## Knowledge Session at Genesis Biodiversity conservation and Restoration- The Value and Business case for Sustainability

This event highlighted the success of the Endane Biodiversity Corridor (EBC) as a model for integrating biodiversity conservation with business sustainability held at Genesis. The session explored green restoration through the lens of corporate responsibility and featured a exhibit of over 60 globally threatened and endemic plant species cultivated at the EBC plant nursery.

## Lichens as Air Quality Sensors

Dilmah, in collaboration with the University of Peradeniya, has partnered with the South Asian Nitrogen Hub (SANH) and the Natural History Museum London on a pioneering study exploring the effects of ammonia on tropical forest ecosystems. The event featured the presentation of key research findings and a display of photographs of the lichen specimens explored during the research. Over 100 participants, including members of the public, corporate representatives, researchers, and scientists, attended this public event.

**Creating Green Spaces in Urban Environment**

With successful experience in establishing mini forests and butterfly gardens in Moratuwa, Dilmah partnered with Resplendent Ceylon, its sister company, to raise awareness about creating green spaces in urban areas. This public lecture and initiative are directly aligned with the principles of Social Sustainability, Institutional Innovation, and Knowledge Transfer. Objective: To raise awareness on how to create green pockets in our urban environment - further delving into urban forestry.



## OTHER COLLABORATIONS WITHIN THE GROUP



- Launched an **agroforestry model** in Rilhena in collaboration with Kahawatte Plantations, Global Green Growth Institute (GGGI) and Agriculture Innovation Nucleus, complementing existing green restoration projects similar to the Endane Biodiversity Corridor.
- **Rainwater Harvesting:** An assessment to evaluate the potential and effectiveness of rainwater harvesting systems within our plantations. Optimising rainwater collection and utilisation was important for improving water management, reducing reliance on external water sources, and enhancing overall water resilience, particularly in response to changing climate patterns.
- **Carbon Footprint Assessment:** A comprehensive GHG assessment for all 16 estates of Kahawatte plantations PLC with a third party verification.



- The Dilmah Conservation & Sustainability Team, in collaboration with Resplendent Ceylon, conducted a Sustainability 101 workshop at Cape Weligama. The session emphasised the value of sustainability in the hospitality industry and how it can drive climate resilience. Practical components included designing a sustainable food menu and developing a hotel-specific emissions checklist. The Resplendent Ceylon Sustainability Team also showcased their ongoing initiatives and led a guided tour of Cape Weligama Resort, offering students a firsthand look at sustainable practices in operation.
- Further sustainable beekeeping trainings were conducted for the ground - keeping and maintenance staff.

## CORPORATE ADVOCACY

### Sri Lanka Climate Summit 2024

Dilmah was a key partner of the first ever Sri Lanka Climate Summit 2024 – 'Code Red – Climate Risks and Opportunities for Sri Lankan Businesses – a summit held from May 7 to 9, 2024.

In 2024, Dilmah launched the Climate Forward Initiative at Genesis to encourage innovative climate change mitigation and adaptation solutions, with active participation from undergraduates.



The summit covered a broad range of topics, including climate science, the risks and opportunities for businesses, the local and global impacts of the climate crisis, climate adaptation and resilience strategies, decarbonisation, and climate finance. Its aim was to facilitate a comprehensive discussion among stakeholders, culminating in a Climate Action Plan designed to support Sri Lanka's transition to a green and equitable economy.

The event drew on the insights of renowned national and international experts in the fields of public and climate policy, academics, industry veterans and leading personalities in the climate action charge, to explore climate risks, opportunities, and the facilitation required to mitigate risks and successfully leverage growth opportunities.



### Biodiversity Sri Lanka

Biodiversity Sri Lanka (BSL) is an initiative founded by Dilmah Conservation, alongside the International Union for Conservation of Nature (IUCN) and Ceylon Chamber of Commerce, to promote biodiversity and environmental conservation in Sri Lanka, particularly within the private sector.

# NATURAL CAPITAL

 <b>Life to our Coral Reefs</b> Conserving the Kayankerni Coral Reef in partnership with Biodiversity Sri Lanka.	 <b>Bio Credit Accrual System</b> Dilmah Conservation together with BSL is working together to establish and work with a technical committee for the development of a bio-credit Accrual System tailored to Sri Lanka's unique requirements.
 <b>Life to our Forests</b> Restoration of a degraded fern land in the Kanneliya Forest Reserve in collaboration with the Forest Department and IUCN. Project Kanneliya has been awarded Preferred by Nature's prestigious "Ecosystem Restoration Standard" certificate - a globally recognised Standard that meticulously assesses ecosystem restoration performance at the field level across diverse biomes.	 <b>Other Collaborations</b> The traditional two-month Pada Yathra pilgrimage from Jaffna to Kataragama generates significant waste, including clothes, plastics, and aluminum, which harms forests, wildlife, and waterways. In 2022 and 2023, large amounts of waste were collected along the route. To reduce pollution, Dilmah and other private organisations donated eco-friendly bags to pilgrims to minimise plastic and polythene waste during the pilgrimage.
 <b>Life to our Mangroves</b> Collaboration to restore up to 25 acres of degraded mangrove forest patches in the Anawilundawa Wetland Sanctuary.	

## UN GLOBAL COMPACT (UNGC) NETWORK SRI LANKA

Dilmah is a strong advocate for corporate sustainability within the United Nations Global Compact. Through Dilmah Conservation, they serve as a climate leader for the UNGC Network Sri Lanka, collaborating on initiatives to raise climate awareness. Further effective from February 2025, Dilmah has formalised its commitment as a patron for a three-year term in the following key UNGC thematic areas:

- **Water & Ocean Stewardship Working Group**
- **Sustainable Supply Chain Working Group**

These patron roles reflect Dilmah's deepening commitment to environmental sustainability, responsible sourcing, and resource conservation, aligning with the UN Global Compact's Ten Principles

and the 2030 Agenda for Sustainable Development.

### Other

- Celebrating International Biodiversity Day with Institute of Environmental Professionals Sri Lanka (IEPSL) themed Charting the Course for Biodiversity: How Sri Lanka Can Contribute to Post-2020 Targets



### Naturetoons

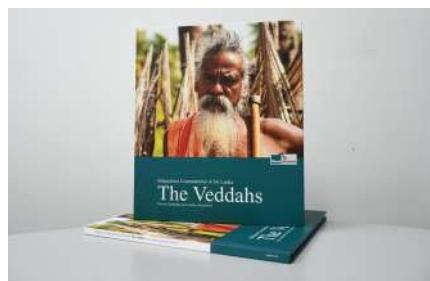
The Naturetoon series is a unique initiative by Dilmah Conservation to use cartoons and interactive storytelling to address complex environmental topics and promote conservation in a simple fun way. Published on social media they not only educate the public but also encourages interaction and participation, building a supportive community.

**300+** Naturetoons since 2015



## DILMAH CONSERVATION PUBLICATIONS

<b>Field guides on Sri Lanka's Flora and Fauna</b>	Common Butterflies of Sri Lanka Bats of Sri Lanka Dragonflies and Damselflies Fascinating Lichen of Sri Lanka Forest Tree of Sri Lanka (English & Sinhala) Snakes of Sri Lanka Spiders of Sri Lanka Uda Walawe National Park
<b>Books on Culture and Heritage</b>	The Ahikuntaka The Veddahs Hela Batha Asiriya
<b>Ayurveda</b>	Hela Weda Athpotha (Sinhala)
<b>Organic Home Gardening</b>	A Guide to Eco-friendly Home Gardening
<b>Children's Books</b>	Shyamala and the Sloth Bears (English, Sinhala & Tamil)



## SPREADING AWARENESS THROUGH SOCIAL MEDIA



71K followers



4.5K followers

### Baby Dilmah Elephant Diaries

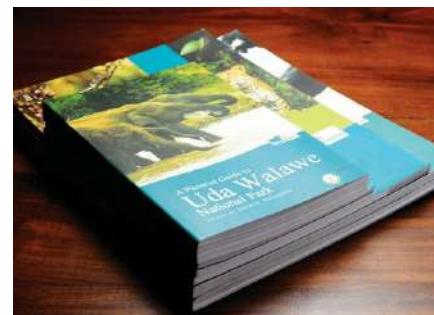
Since 2021 Dilmah has maintained on Facebook and Instagram a social media account named Baby Dilmah Elephant Diaries (Instagram: @babydilmah\_elephantdiaries; Facebook: Baby Dilmah)

#### Page followers:

Facebook: **1.8 K followers**

Instagram: **1,253**

A first-person storytelling account from the perspective of an elephant named Baby Dilmah - one of the elephants whose care was sponsored by Dilmah. Now rehabilitated into the wild, the account creatively shares the wonders of these complex and endearing mammals and raises awareness about the challenges they face.

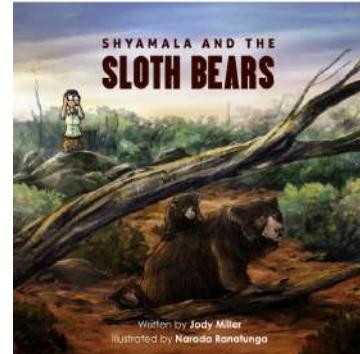


# NATURAL CAPITAL



## The First Ever Children's Book Published by Dilmah Conservation

"Shyamala and the Sloth Bears" is a children's book, that focuses on raising awareness about the endangered Sri Lankan sloth bear and the importance of conservation. It is written by Prof. Jody Miller and inspired by the work of Dr. Shyamala Ratnayake, a renowned sloth bear researcher. The book aims to educate young readers about sloth bears' ecological roles and the need to protect them, by featuring Dr. Ratnayake's conservation journey. The book has also been published in Sinhala and Tamil, making it accessible to a wider audience, especially in rural areas.



## RISKS, OPPORTUNITIES AND WAY FORWARD

### Risks

Climate change and its adverse impacts on agriculture, biodiversity, and water availability, affecting operations and communities

### Opportunities

- Increase the proportion of renewable energy to reduce dependence on non-renewable sources and achieve net-zero targets
- Investments in rainwater harvesting, greywater recycling, and wastewater treatment not only reduce dependency on municipal sources but improve the ground water recharge and general needs of the community
- Conservation and restoration efforts that enhance ecosystems, and aligning with Sri Lanka's and global biodiversity targets

Short-Term (1 - 2 years)	Medium-Term (2 - 4 years)	Long-Term (4 - 5 years)
<ul style="list-style-type: none"><li>• Develop an integrated sustainability roadmap aligned with SBTi targets and Dilmah's regenerative business model</li><li>• Phasing out the use of fossil fuel powered vehicles by targeting 70% of the vehicle fleet (excluding finished good and raw material transport) to be electric vehicles</li></ul>	<ul style="list-style-type: none"><li>• Extended support for Supplier decarbonisation through stronger together platform</li><li>• Hire contracts for passenger transport to include requirement for the use of electric vehicles (EVs). hire contracts to include a mandatory requirement for the use of electric vehicles (EVs)</li></ul>	<ul style="list-style-type: none"><li>• Replacement of Existing solar panels with higher-efficiency panels</li><li>• Revamp large-scale rainwater harvesting and wastewater systems at Kahawatte Plantations and other key estates</li><li>• Advance biodiversity restoration through projects like the Endane Biodiversity Corridor, Eco tourism and sustainable agro-forestry</li></ul>

## GOVERNANCE AND STEWARDSHIP

# Pillars that **Endure**

Transparency, accountability, and ethical leadership are the bedrock of our lasting resilience. They guide every decision we make, ensuring that we grow responsibly, uphold integrity, and build trust that stands the test of time. These pillars empower us to navigate challenges with confidence and secure a sustainable future for every stakeholder we partner.



# CORPORATE GOVERNANCE

## DILMAH'S APPROACH TO GOOD GOVERNANCE

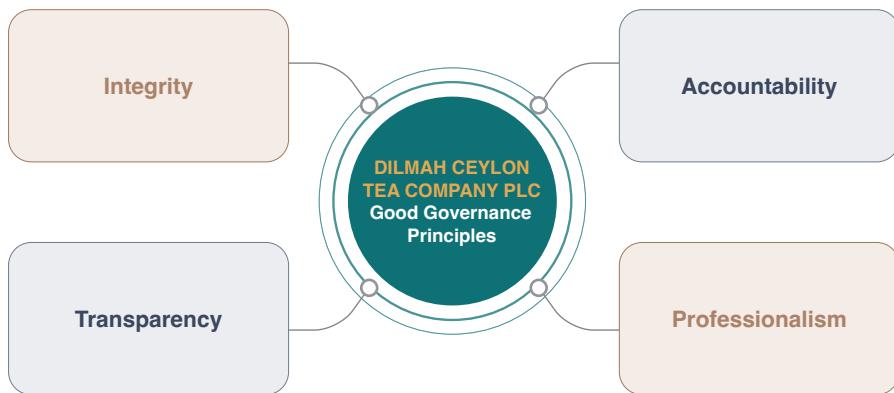
Strong corporate governance is fundamental to Dilmah's ability to deliver sustainable value to its stakeholders. The principles of integrity, accountability, transparency, and professionalism are embedded into the core of Dilmah's governance framework, ensuring that the Company's operations are guided by the highest ethical and operational standards.

Integrity serves as the foundation of all business practices and underscores the commitment to conducting business affairs with honesty, fairness, and a deep respect for ethical principles. This commitment extends across the value chain, from ethical sourcing and responsible marketing to stakeholder engagement, ensuring that trust and credibility are maintained at all times.

Accountability is reinforced through well-defined governance structures, clear lines of responsibility, and robust internal controls ensure that strategic and operational decisions are made in alignment with the Company's long-term objectives, while holding decision-makers responsible for outcomes.

Transparency is upheld through timely and accurate disclosure of material information to stakeholders, including regulators, shareholders, customers, and employees. Regular reporting and open channels of communication foster a culture of openness, support effective stakeholder engagement, and enhance organisational credibility.

Professionalism underpins all aspects of the Company's conduct. Dilmah promotes a culture of discipline, excellence, and continuous improvement, ensuring that business decisions and operational practices reflect high standards of competence and responsibility.



### GRI 2-12 THE BOARD

The Board of Directors of Dilmah is responsible for providing strategic leadership, oversight, and governance to ensure long-term sustainability and success of the Company. The Board sets the overall direction, approves key policies, and monitors performance against defined objectives, while upholding the highest standards of integrity, accountability, and ethical conduct.

In doing so, certain key matters are reserved exclusively for Board deliberation, reinforcing its central role in ensuring accountability, transparency, and stakeholder value creation.

As the principal custodian of corporate governance, the Board provides independent judgment and effective oversight, while empowering the executive management team to execute strategy and drive operational excellence.

### Matters Reserved Expressly for Board Consideration

#### Risk, Capital & Liquidity Planning

- Approval of the Group's capital structure changes
- Endorsement of the annual capital plan
- Determination of risk appetite

#### Financial Results & Dividends

- Approval of interim and final financial statements
- Declaration of dividends
- Approval of significant accounting policy changes

#### Strategy & Investments

- Approval of the Group's strategic plan
- Review of performance against strategic objectives
- Approval of major capital projects, acquisitions, investments, and disposals

#### Remuneration

- Approval of the remuneration framework for the Chair, Executive Directors, and KMPs
- Determination of Non-Executive Director fees

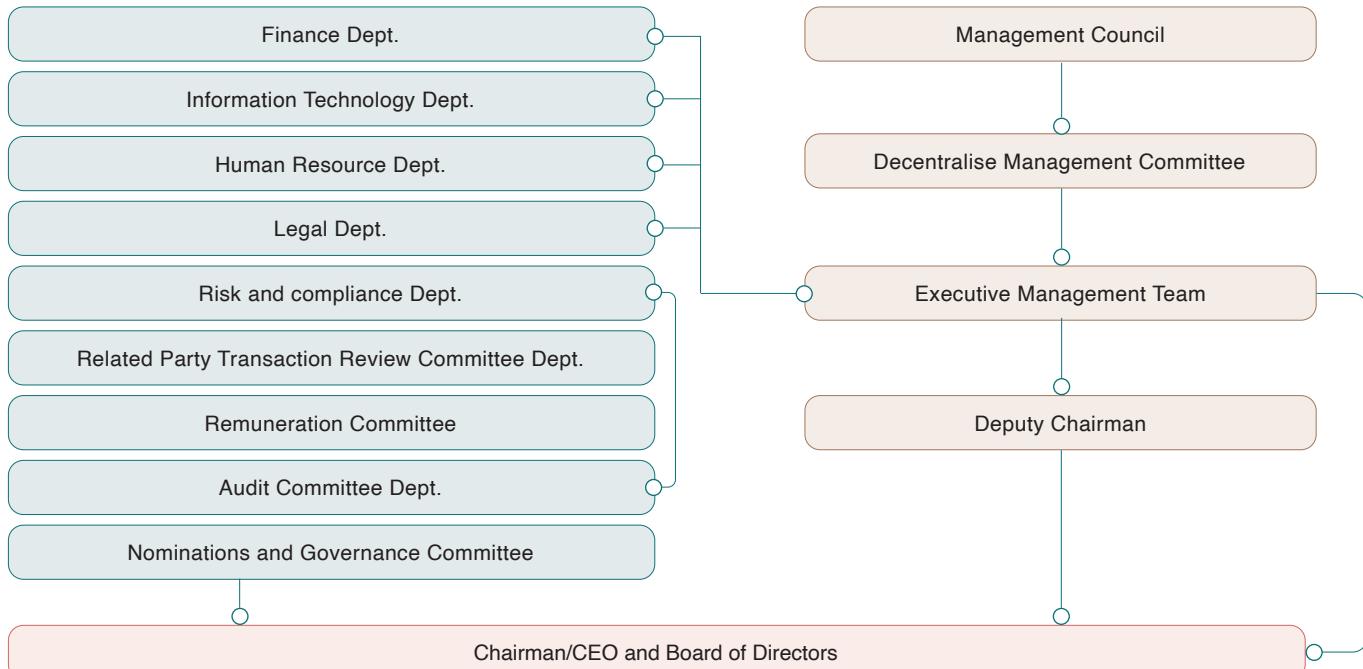
#### Board Composition & Committees

- Appointment and removal of Directors
- Establishment and composition of Board Sub-Committees

#### Governance & Internal Controls

- Approval of key regulatory filings
- Review and update of Board Committee Terms of Reference
- Oversight of Board and Committee performance evaluations
- Approval of the Corporate Governance Framework
- Definition of responsibilities between the Chair and CEO
- Appointment or removal of the Company Secretary and KMPs

**GRI 2-9 Dilmah Governance Structure and Framework**



### Internal Frameworks

Vision, Mission  
 Articles of Association  
 Board Governance Policy  
 Board Approved Sub Committee  
 TOR's  
 Code of Business Ethics & Anti-Bribery and Corruption Policy  
 Human Rights Policy

### Regulatory Frameworks

Companies Act No. 07 of 2007  
 CSE Listing Rules, including corporate governance rules  
 Securities and Exchange Commission Act No. 37 of 1987 and amendments thereto  
 Shop and Office Employees Act of 1954 and amendments thereto  
 Factories Ordinance (No. 45 of 1942) and amendments thereto

### Voluntary Frameworks

Code of Best Practices for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka  
 <IR> Framework issued by the IIRC  
 Global Reporting Initiative (GRI)  
 UN SDGs  
 TCFD  
 SASB

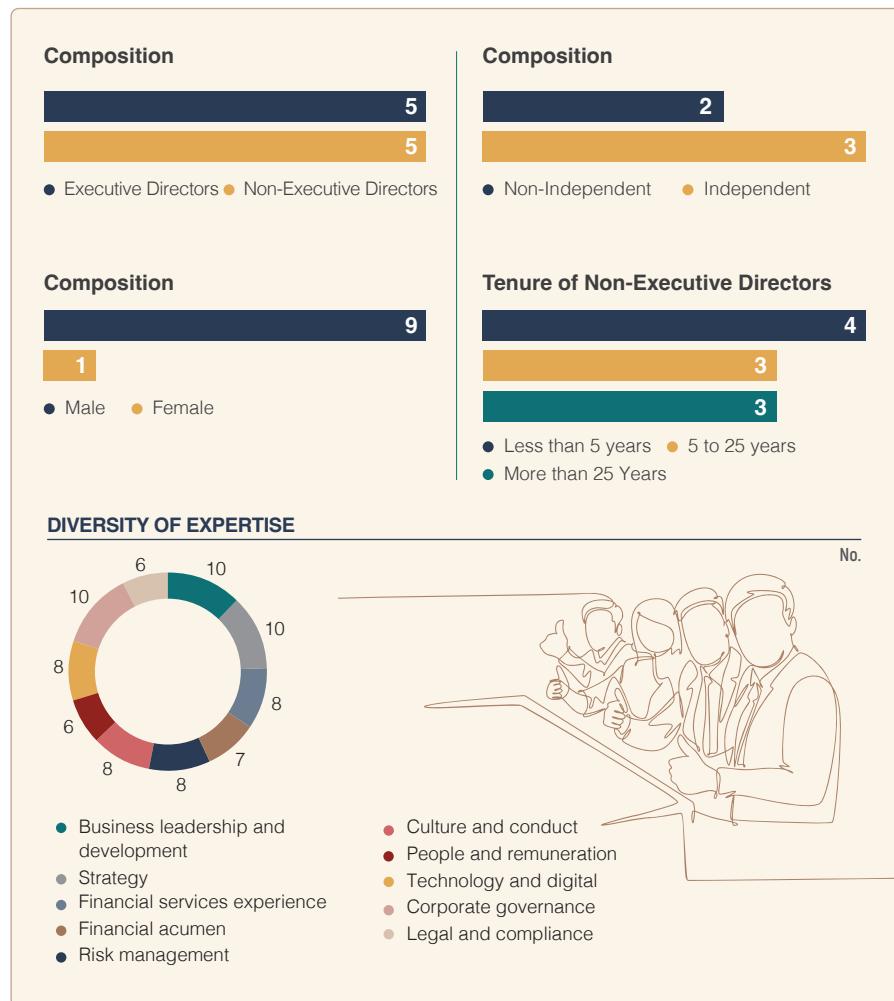
**GRI 2-9 BOARD COMPOSITION**

Dilmah is governed by a well-structured and balanced Board of Directors that reflects the Company's commitment to strong corporate governance and ethical leadership. The composition of the Board is defined in accordance with the Company's Articles of Association and prevailing regulatory requirements, including those set forth under the Colombo Stock Exchange (CSE) Listing Rules on Corporate Governance.

# CORPORATE GOVERNANCE

As at 31st March 2025, the Board of Dilmah comprised of 10 members, 5 Executive Directors and 5 Non-Executive Directors. Three of the 5 Non-Executive Directors are considered as Independent Non-Executive Directors as per the listing rules of the CSE. Non-Executive Directors particularly those classified as independent, play a vital role in upholding robust governance standards. Their impartial oversight, free from any material relationships with the Company, ensures objectivity in Board deliberations. This external perspective enhances the quality of strategic decision-making, fosters accountability, and strengthens stakeholder confidence in the governance practices of the Company.

**Determination of Directors Independence**  
Independence of Directors is determined by the Board, based on annual declarations submitted by Directors in accordance with the requirements of the Listing Rules of the CSE and with due consideration of any impairment in independence owing to extended Board tenures. All Independent Non-Executive Directors on the Dilmah Board as at 31st March 2025, were deemed independent in character and judgement, devoid of any relationships or circumstances that could compromise their independence or judgement.



## PROCEDURES FOR ASSURING DIRECTORS INDEPENDENCE

Assurance regarding the Independence of Non-Executive Directors is obtained based on the following guideline:

### DEFINITION

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

### ASSESSMENT

Independent assessment of Directors is conducted annually by the Board, based on annual declaration and other information submitted by Non-Executive Directors.

### OUTCOME

The Board is satisfied there are no relationships or circumstances likely to affect or appear to affect, directors' independence during the period under review.

## GRI 2-10 APPOINTMENT / RE-ELECTION / RESIGNATION / RETIREMENT OF DIRECTORS

The appointment of Directors to the Dilmah Board follows a structured and transparent process overseen by the Nomination and Governance Committee (NGC). The Committee is responsible for evaluating prospective candidates based on their professional credentials, industry expertise, and leadership capabilities that can add significant value to the Company's strategic direction. The Committee conducts rigorous assessment of all potential candidates, including their skills and capabilities as well as their reputation for integrity and ethics. As part of this evaluation, careful consideration is also given to the number and nature of external directorships held by each prospective Director to ensure they can devote adequate time and focus to their responsibilities.

In line with Dilmah's Articles of Association and established governance practices, One Director retires by rotation at each Annual General Meeting (AGM), and may offer themselves for re-election by the shareholders. The eligibility of retiring Directors is reviewed by the Nominations Committee, considering their performance, active engagement in Board proceedings, and their strategic contribution to the Company.

Directors appointed to fill a casual vacancy during the year are also required to seek shareholder approval at the subsequent AGM in order to continue in office.

Further, in adherence to sound governance principles and relevant regulatory guidelines, Directors who have served on the Board continuously for nine years or have reached the age of 70 are expected to retire, supporting ongoing Board renewal and independence.

All Director appointments, re-elections, resignations, and retirements are promptly disclosed to the Colombo Stock Exchange (CSE) and communicated to shareholders, reflecting the Company's strong commitment to transparency and corporate governance.

### Board changes for FY 2024/25

- Mr. Rajan Asirwathan was reclassified as a Non Executive Director w.e.f. 01.01.2025.
- As such Mr. John Lo was appointed as the Senior Independent Director w.e.f. 01.01.2025.
- New Appointments: Mr. Anil Dias was appointed to the Board on 01.01.2025

## GRI 2-15 MANAGING CONFLICTS OF INTEREST

All members of the Dilmah Board are held to the highest standards of integrity and ethical conduct and as part of their fiduciary responsibility, are expected to act in the best interests of shareholders and stakeholders at all times. Each Director is expected to demonstrate unwavering commitment to ethical leadership by avoiding any circumstances be it real, perceived, or potential that may give rise to a conflict of interest.

To this end, Directors are obligated to exercise sound, independent judgment and proactively disclose any actual or potential conflicts of interest without delay. The responsibility for overseeing conflict-of-interest disclosures lies with the Related Party Transactions Review Committee (RPTRC), which plays a critical role in maintaining objectivity and governance integrity. The Committee rigorously evaluates each disclosure, taking into account the nature, significance, and implications of the conflict, and provides clear recommendations for mitigation or recusal as necessary.

In line with global best practices and the principles of good governance, any Director with a personal interest in a matter under discussion is required to recuse themselves from related deliberations and decisions. This disciplined approach reinforces stakeholder trust and preserves the independence, impartiality, and effectiveness of the Board.



# CORPORATE GOVERNANCE

Governance Highlights - FY 2024/25					
Name of Director	Position on the Dilmah Board	No. of Directorships held in listed Companies other than Dilmah Ceylon Tea Company PLC		Directorships held in non-listed Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. Dilhan C. Fernando	Executive Director/Chief Executive Officer/ Chairman	None	03	46	14
Mr. Malik J. Fernando	Executive Director	None	05	44	14
Mr. Himendra Ranaweera	Executive Director/Deputy Chairman	None	01	24	02
Mr. Darshana Gunasekera	Executive Director	None	01	07	None
Mr. Roshan Tissaaratchy	Executive Director	None	None	02	None
Ms. Minette Perera	Non-Executive Director	None	03	None	06
Mr. Rajan Asirwatham	Non-Executive Director	None	07	None	01
Mr. John Lo	Non Executive, Independent Director	None	None	None	None
Dr. Ravindra Fernando	Non Executive, Independent Director	None	02	None	05
Mr. Anil L. N. Dias	Non Executive, Independent Director	None	01	None	01

## GRI 2-19, 2-20 DIRECTORS

### REMUNERATION

Dilmah's Remuneration Policy aims at aligning the remuneration of Executive Directors/the CEO, Key Management Personnel (KMP) and employees with the Company's strategic objectives linking compensation to both individual and collective performance. The Policy establishes the guiding principles on remuneration specific to the CEO, Executive Directors and Non-Executive Directors as well as Executives and Employees; and the role of the Remuneration Committee.

In line with the policy, remuneration structures for Executive Directors are designed to be consistent with prudent risk-taking and ensures that total remuneration is appropriately balanced to include a combination of fixed remuneration, perquisites, and variable remuneration to promote the Company's

competitiveness and to support the execution of the Company's strategy. A similar performance-oriented framework applies to Key Management Personnel (KMP), with remuneration packages designed to reward leadership, strategic execution, and long-term contributions to the Company's success. For confidentiality reasons, the total compensation ratio of the highest-paid executive is not publicly disclosed.

The Remuneration Committee is tasked with regularly reviewing the effectiveness of the Company's remuneration schemes to ensure that the selected measures and structures foster the Company's business strategy and long-term financial success.

Meanwhile, Non-Executive Directors receive a fixed fee for their participation on the Board and its respective Committees. These fees are benchmarked against industry

standards and reviewed annually to ensure competitiveness and fairness, while preserving their independence and impartiality.

## GRI 2-11 DIVISION OF RESPONSIBILITIES

At Dilmah, the leadership structure is designed to uphold robust governance while ensuring effective strategic execution. The Board is Chaired by an Executive Chairman, who also serves as the Chief Executive Officer (CEO). This dual role allows for strong leadership continuity and cohesive decision-making, particularly in translating the Company's long-term vision into actionable business strategies.

To maintain appropriate checks and balances and avoid undue concentration of authority, the Executive Chairman/CEO is supported by a seasoned leadership team, including Executive Directors,

Heads of Function, and Key Management Personnel (KMP), each responsible for specific operational and strategic domains.

The Executive Chairman/CEO is primarily accountable for:

- Setting and driving the strategic direction of the Company in alignment with its purpose and values
- Overseeing day-to-day management and ensuring operational excellence
- Representing the Company in key stakeholder engagements and upholding its reputation globally
- Ensuring that the Board receives accurate, timely, and clear information to support sound decision-making
- Providing executive leadership and accountability for Environmental, Social, and Governance (ESG) matters, by ensuring that sustainability is integrated into business strategy, risk management, and performance outcomes

While the Executive Chairman leads the Board in its oversight role, Executive Directors and senior management are tasked with the execution of Board-approved strategies. They provide in-depth operational insight and lead performance monitoring across the business. Each executive function operates with clearly defined responsibilities and reporting lines, ensuring accountability and operational efficiency.

#### **Senior Independent Director**

Since Dilmah is led by an Executive Chairman who also holds the position of Chief Executive Officer, the Board has

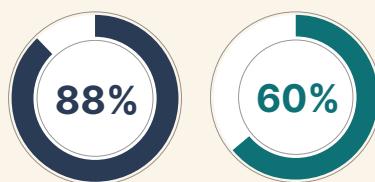
appointed a Senior Independent Director (SID) in line with good governance practices. The SID plays a vital role in upholding the independence and objectivity of the Board by providing an alternative channel of communication for shareholders and acting as a sounding board for the Chairman. The SID also facilitates the resolution of any concerns that may arise in situations where the Chairman may have a conflict of interest and ensures that the views of Independent Directors are effectively represented.

Mr. Rajan Asirwathan, who had served as the Senior Independent Director (SID) since 31 October 2023, ceased to be classified as independent with effect from 1 January 2025 due to age-related criteria. Accordingly, Mr. John Lo was appointed as the new Senior Independent Director with effect from the same date.

#### **GRI 2-13 BOARD COMMITTEES**

To assist in performing its oversight role, the Board has appointed several Sub Committees to provide oversight in specific key areas.

#### **Board Audit Committee (BAC)**



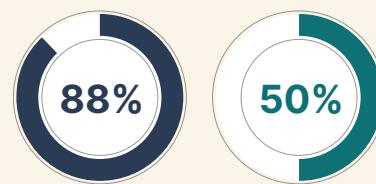
**No. of meetings in 2024/25: 04**

#### **Areas of Oversight**

- Financial Reporting
- Internal Controls
- Internal Audit
- External Audit

Report on page 168

#### **Board Nomination and Governance Committee (NGC)**



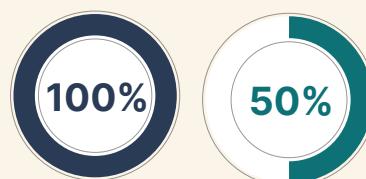
**No. of meetings in 2024/25: 02**

#### **Areas of Oversight**

- Selection and appointment of Directors and key management personnel
- Director Performance and Succession Planning
- Governance Framework Oversight

Report on page 169

#### **Remuneration Committee (RC)**



**No. of meetings in 2024/25: 01**

#### **Areas of Oversight**

- Financial Reporting
- Internal Controls
- Internal Audit
- External Audit

Report on page 170

● Attendance

● % of committee members who are independent directors

# CORPORATE GOVERNANCE



- Attendance
- % of committee members who are independent directors

## MANAGEMENT-LEVEL COMMITTEES

Management-level committees have been established under the stewardship of Executive Directors, Heads of Function, and Key Management Personnel (KMP) to assist in bringing more focused oversight into critical areas on a day-to-day basis.

- Cost Optimus Committee
- Investment Committee
- Culture Excellence and Food Safety Committee
- ESG Committee
- Joint Consultative Committee
- Housing Loan Committee
- IT Steering Committee Meeting

## COMPANY SECRETARY

Dilmah's Company Secretary plays a pivotal role in supporting the effectiveness and integrity of the Company's corporate governance framework. Acting as a trusted advisor to the Board, the Company Secretary ensures that all governance processes align with statutory obligations, regulatory requirements, and best practices in

corporate governance. This includes the coordination of Board and Sub-committee meetings, accurate recording and communication of Board decisions, and the maintenance of statutory records in line with applicable laws and listing requirements.

In addition, the Company Secretary facilitates the onboarding of new Directors and oversees ongoing training to ensure the Board remains abreast of evolving governance and regulatory developments. Serving as the key liaison between the Board, senior management, shareholders, and regulators, The Company Secretary also provides independent guidance on governance procedures and compliance matters. All Board members have full and unrestricted access to the Company Secretary, helping to ensure informed, transparent, and accountable decision-making at the highest level.

## GRI 2-17 DIRECTORS' TRAINING

Dilmah recognises the importance of continuous professional development for Board members and encourages Directors to participate in local and international training programmes, workshops, and seminars on topics ranging from sustainability and risk governance to emerging regulatory trends and Board leadership. Tailored learning sessions are also conducted periodically, leveraging both internal expertise and external resources.

ESG-related training sessions were conducted during the year, along with capacity-building programmes focused on the upcoming SLFRS S1 and S2 standards for Board members.

Likewise, Dilmah is committed to ensure all Directors are equipped with the knowledge and tools necessary to discharge their duties effectively. Accordingly, newly appointed Directors

undergo a comprehensive induction programme designed to familiarise them with the Company's operations, governance framework, industry landscape, and strategic objectives. This includes detailed briefings from senior management on key business functions, financial performance, organisational values, and regulatory obligations, as well as access to corporate governance policies, board charters, and committee terms of reference.

GRI 2-23, 2-24, 2-27

## KEY BOARD RESPONSIBILITIES

### Regulatory Compliance

The Board of Directors at Dilmah bears the ultimate responsibility for ensuring that the Company upholds the highest standards of regulatory compliance across all aspects of its operations. In fulfilling this responsibility, the Board provides strategic oversight to ensure that compliance is embedded within the Company's systems, policies, and culture. This includes reviewing and approving key compliance frameworks, consistently monitoring regulatory developments, and ensuring that management has implemented effective mechanisms to identify, assess, and respond to emerging compliance risks.

The Board also plays a critical role in fostering a culture of integrity and accountability, where ethical conduct and legal compliance are prioritised at every level of the organisation. Through its committees, the Board ensures that all statutory filings, disclosures, and governance obligations are met in a timely and transparent manner.

During the financial year 2024/25, the Board ensured full adherence to the revised Section 9 of the Colombo Stock Exchange (CSE) Listing Rules on Corporate Governance, thereby reaffirming Dilmah's ongoing commitment to ethical business conduct and sound governance.



## COMPLIANCE HIGHLIGHTS FOR FY 2024/25

The Board Audit Committee was reconstituted on 01.01.2025 in compliance with Section 9.2.1 of the Listing Rules of the Colombo Stock Exchange

The Board Remuneration Committee was reconstituted on 01.01.2025 in compliance with Section 9.12.6(2) of the Listing Rules of the Colombo Stock Exchange

In compliance with Section 9.2.1 of the Listing Rules of the Colombo Stock Exchange, the following Board-approved policies were disclosed on the corporate website. Shareholders may request the complete policies by submitting a written request to the Company Secretary at [legal@dilmahtea.com](mailto:legal@dilmahtea.com)

- Policy on the matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance Nominations and Re-election of Board Members
- Policy on Remuneration
- Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees
- Policy on Risk management and Internal controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

Each policy will be integrated into the Company's daily operations, ensuring that all employees and stakeholders are well-informed of their roles and responsibilities. Mandatory training sessions are ongoing to ensure that everyone understands the policies and their practical applications. Going forward, all policies will be reviewed on an annual basis, to ensure they remain effective and relevant. This review process will include assessing the outcomes, identifying areas for improvement, and incorporating any changes in regulations or industry standards.

There were no incidents regarding non-compliance of laws and regulations reported in the reporting year.

### Financial Control and Reporting

The Board of Directors at Dilmah holds ultimate accountability for the integrity, accuracy, and transparency of the Company's financial control and reporting systems.

The Board of Dilmah retains exclusive oversight of all key financial decisions. This includes the approval of annual budgets, financial statements, dividend declarations, capital expenditure programmes, investment strategies, funding arrangements, and other significant financial undertakings. By maintaining control over these critical areas, the Board ensures that all financial commitments are aligned with the Company's strategic priorities and long-term objectives.

Further the Board has institutionalised a robust financial governance framework to provide reliable and timely financial information. Through its Audit Committee, the Board monitors the effectiveness of internal and external audit functions, evaluates financial risks, and addresses any material concerns related to financial controls or disclosures. The Board also ensures that management implements corrective actions promptly to address identified weaknesses or irregularities.

The Board also oversees the preparation and approval of all statutory and regulatory financial disclosures, including annual and interim financial statements and the Company's Integrated Annual Report, ensuring all disclosures present a true, fair, and comprehensive representation of Dilmah's financial position, performance, and outlook.

For more information, please refer:

- The Annual report of the Board of Directors on pages 161 to 167
- Directors' Responsibility for Financial Reporting on page 172

# CORPORATE GOVERNANCE

- Directors' Statement on Internal Controls over Financial Reporting (under the audit committee report) page 168
- Report of the Independent Auditors on page 176

## Risk Management and Internal Control

The Board of Dilmah holds overarching responsibility for ensuring that risk management and internal control frameworks remain effective, resilient, and aligned with the Company's strategic objectives. In fulfilling this duty, the Board defines the risk appetite and provides strategic oversight for the design and implementation of systems to identify, assess, and mitigate risks that may affect operational continuity, reputation, or financial performance.

Operational execution of this mandate is delegated to the Board Audit Committee (BAC) with the support of the Head of Risk. The Head of Risk is tasked with implementing the Enterprise Risk and Opportunity Management (EROM) framework across all business units and acts as the primary liaison between first and second lines of defense to embed risk identification, evaluation, and mitigation processes throughout the organisation. This ensures that risk management is fully integrated into strategic planning and fosters a proactive, risk-aware culture.

The BAC provides high level oversight by obtaining independent assurance from both internal and external auditors on the adequacy and integrity of the Company's risk and control systems. Where weaknesses are identified, the Committee recommends appropriate remedial actions to the Board to enable timely corrective measures and continuous improvement.

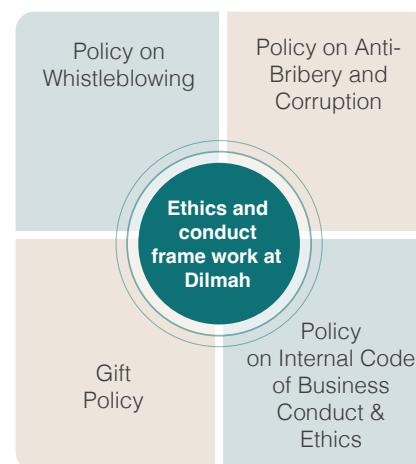
For more information, please refer:

- The Risk Management Report on page 55

**GRI 2-16, 2-23, 2-24, 2-26**

## Conduct and Ethics

The Board plays a crucial role in promoting ethics and conduct, striving to lead by example in setting the tone from the top. To permeate the culture of integrity and good conduct across the organisation, the Board has established a comprehensive conduct framework comprising a comprehensive range of policies and procedures.



## Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees

This Policy is intended to serve as a source of guiding principles for Directors and employees on areas of ethical risk and issues and to encourage them to report unethical conduct and help foster a culture of honesty and accountability. The 'Code of Conduct' (COC) of MJF Holdings Ltd & Group Companies shall be construed as an integral part of this Internal Code of Business Conduct & Ethics.

This Policy addresses significant aspects of Business Conduct and Ethics including the conflict of interest, entertainment and

gifts, the need for accurate accounting and record keeping, as well as fair and transparent procurement practices. It further elaborates on the protection and proper use of company assets and the reporting of any illegal or unethical behaviour or acts.

## Policy on Whistleblowing

All employees of Dilmah are encouraged to raise concerns and report on any suspected or actual wrongdoing, including but not limited to, fraud, corruption, bribery, harassment, safety violations, and environmental damage affecting the Company - without fear of retaliation, subsequent discrimination or disadvantage. The Policy is intended to encourage and enable staff to raise serious concerns within Dilmah rather than overlooking a problem or 'blowing the whistle' outside, and establishes the reporting mechanism and its commitment to protecting employees against retaliation. There were no critical concerns reported to the highest governance body in the current financial year.

## Policy on Anti-Bribery and Corruption

Dilmah is dedicated to conducting business honestly and ethically, adopting a zero-tolerance approach to bribery and corruption. It is committed to acting professionally, fairly, and with integrity in all business dealings and relationships, wherever it operates, while also implementing and enforcing effective systems to prevent bribery.

This Policy covers matters related to facilitation payments, kickbacks, gifts, invitations, and hospitality, outlining the responsibilities of employees and third parties in preventing bribery and corruption within the Company.

## Gift Policy

Establishes uniformity in the gift giving culture within the Company and restricts

any conflicts of interest. This policy governs the gifts that are exchanged, gifted or received by the employees of the organisation and is also applicable to gifts within the Company as well as between professional connections made on behalf of the Company. To ensure transparency, mitigate potential conflicts of interest, the Gift Policy identifies prohibited gifts as well as permissible gifts accompanied with clearly defined monetary limits for gifts that employees can give or accept in the course of their duties. Moreover, as per the policy, employees are required to report any gifts received regardless of their value, for documentation and review. As part of the annual policy review programme, the Board reviewed and updated all Conduct policies as needed to reflect latest regulatory developments and global best practices.

**GRI 2-23, 2-24 INFORMATION  
TECHNOLOGY (IT) AND  
CYBERSECURITY GOVERNANCE**

Dilmah's IT Governance structure is strategically designed to ensure that all technology-related initiatives are aligned with the Company's business goals.

The IT Steering Committee plays a central role in this governance architecture. Chaired by a senior executive, the Committee includes cross-functional representatives from key departments, enabling holistic oversight and collaboration. It is responsible for reviewing and prioritising major IT initiatives, monitoring project progress, and ensuring that all digital transformation efforts remain consistent with the Company's long-term strategic direction.

Operationally, the IT Management Team, led by the Head of IT, is tasked with day-to-day governance. Comprising functional leads responsible for infrastructure, enterprise applications,

cybersecurity, and user support, this team ensures efficient execution of IT plans, manages operational risks, and tracks technology performance across the business, while also ensuring adherence to internal controls and compliance protocols within the IT domain.

The Dilmah Board has also institutionalised a robust Project Governance Framework to guide the planning and implementation of all major IT projects. This framework mandates the development of project charters, clear assignment of roles and responsibilities, key performance indicators (KPIs), and structured reporting mechanisms. Projects are reviewed through stage gates, with mandatory post-implementation reviews to extract lessons learned and reinforce continuous improvement.

In 2024/25, several new initiatives were introduced to further reinforce IT governance structures, including the formalisation of key IT policies covering areas such as acceptable use, cloud adoption, remote access, and data classification. All policies were benchmarked against international standards to ensure consistency and effectiveness across the Company's digital ecosystem.

Additionally, cybersecurity governance was significantly strengthened during the year, with the Company taking action to strengthen third-party risk management practices, refine incident response protocols, and conduct a comprehensive cybersecurity maturity assessment to identify and address existing vulnerabilities to ensure that Dilmah's digital infrastructure remains resilient and responsive to emerging cyber threats while supporting the secure expansion of its digital operations.

**GRI 2-23, 2-24**

**HUMAN CAPITAL GOVERNANCE**

The Board assumes ultimate responsibility for setting the strategic direction of human capital development, ensuring that HR priorities are aligned with the Company's long-term business objectives and sustainability agenda. Working in close coordination with the Board Remuneration Committee (BRC), the Board also establishes the Company's overarching remuneration philosophy, policy frameworks, and key governance principles.

The HR department under the purview of the Deputy Chairman. It plays a pivotal role in translating Board-level strategies into actionable decisions and oversees the application of HR policies in a manner that supports organisational objectives, cultural cohesion, and performance excellence.

The HR Department is responsible for implementing the policy framework approved by the Board. Its core functions include ensuring compliance with regulatory requirements, operationalising HR strategies, and embedding a culture of continuous development, inclusivity, and employee well-being across the organisation. This includes managing all aspects of human capital, from recruitment, training and performance management to succession planning and employee engagement.

**For more information, please refer:**  
The Human Capital Report on page 90

**STAKEHOLDER ENGAGEMENT**

Recognising that open, timely, and transparent communication is fundamental to fostering stakeholder trust, the Dilmah Board places strategic importance on a well-structured stakeholder engagement approach that

# CORPORATE GOVERNANCE

reinforces the Company's long-term value creation and sustainability ambitions. Oversight of stakeholder engagement is anchored at the highest level, with the Executive Chairman and CEO providing strategic direction and setting overarching priorities in line with the Company's purpose and values.

The Corporate Management team plays a critical role in translating strategic intent into tailored stakeholder engagement activities designed to be inclusive, timely, and action oriented. The operational responsibility for stakeholder interaction rests with the executive management team, who serve as ambassadors of Dilmah's commitment to ethical conduct, transparency, and shared prosperity.

**For more information, please refer:**  
Stakeholder Engagement on page 34.

GRI 2-9, 2-12, 2-13, 2-14

## ESG GOVERNANCE

Dilmah's ESG governance framework is structured to ensure sustainability is deeply embedded across its operations, strategic decision-making, and value creation agenda. Anchored in a comprehensive ESG Policy and guided by a refreshed ESG strategy, the governance structure reflects a strong commitment to responsible business conduct and long-term stakeholder value.

Operating under the delegated authority of the Board, the ESG Board Committee, provides strategic oversight and guidance on ESG-related matters, ensuring alignment between the Company's sustainability goals and overall business strategy. As part of its duties, the ESG Board Committee also undertakes to review progress against ESG KPIs and advise the Board on high-level decisions that shape the Company's long-term sustainability roadmap.

Operational governance is led by the ESG Executive Committee. This committee is responsible for the annual review of material topics, evaluating stakeholder engagement processes, and recommending ESG-related strategies and targets to be integrated into business plans. The committee also reviews all ESG disclosures and reports, while escalating critical issues and submitting meeting minutes to the Board for oversight.

Implementation of ESG initiatives is driven by three core entities: the Dilmah Conservation & Sustainability Department, the Environmental Management System (EMS) Team, and the MJF Charitable Foundation. Together, these teams ensure the execution of ESG strategies and initiatives on the ground, creating a strong operational link between governance structures and measurable impact.

Reinforcing its commitment to transparency and accountability on ESG, the Board takes proactive measures to align ESG reporting with globally recognised voluntary disclosure frameworks. Accordingly, Dilmah's Integrated Annual Report includes disclosures guided by the International Integrated Reporting (<IR>) Framework, Global Reporting Initiative (GRI) Standards, United Nations Sustainable Development Goals (UN SDGs), and the Sustainability Accounting Standards Board (SASB) framework. In addition, the Company has begun incorporating the Sri Lanka Financial Reporting Standards (SLFRS) S1 and S2 on sustainability-related financial disclosures, demonstrating its readiness to align with emerging global best practices in order to provide stakeholders with clear, consistent, and decision-useful sustainability information.

## SHAREHOLDER RELATIONS AND COMMUNICATION

The Board is committed to upholding the highest standards of transparency and accountability by ensuring that shareholders receive accurate, timely, and comprehensive information regarding the Company's performance, strategic direction, risk profile, and governance practices. This is facilitated through regular and structured communications, including the Annual Report, interim financial statements, press releases, and updates via the Company's official website.

In fostering meaningful shareholder relationships, the Board promotes proactive two-way communication. Shareholders are encouraged to engage through both formal and informal channels to seek clarifications, provide feedback, or raise concerns. The Company Secretary acts as the primary point of contact for shareholder engagement, ensuring that all inquiries are addressed in a timely and transparent manner, thereby reinforcing trust and long-term stakeholder confidence.

## ANNUAL GENERAL MEETING (AGM)

Dilmah's Annual General Meeting (AGM) serves as a key forum for shareholders to engage directly with the Company's leadership, review the Company's financial and operational performance, and participate in important decision-making processes. Shareholders are provided with the opportunity to ask questions, vote on key resolutions, including the appointment or reappointment of Directors, approval of dividends, and the appointment of auditors.

To ensure meaningful and informed participation, the Annual Report, AGM notice, proposed resolutions, and

detailed voting instructions are distributed to shareholders at least 15 working days in advance. This enables shareholders to review and consider all relevant information prior to the meeting and exercise their rights effectively. Dilmah's next AGM is scheduled to be held on 31st July 2025.

## BOARD MEETINGS

The Dilmah Board meets every quarter, or more frequently if required, to ensure timely and effective governance. Attendance at these meetings is mandatory, and all Directors are expected to come well-prepared, contributing meaningfully to in-depth, constructive discussions that support sound decision-making.

The Executive Chairman/CEO presides over all Board meetings ensuring that meetings are conducted efficiently with the active participation of all Board members in regard to the strategic priorities of the agenda. Each meeting also features updates from the Chairs of Board sub-committees, providing insight into key matters deliberated since the previous session and ensuring alignment with overall Board oversight.



### ACCESS TO INFORMATION

Dilmah's Board of Directors have unrestricted access to all information necessary to carry out their fiduciary duties with diligence and integrity. This includes timely access to financial records, Board and Committee papers, operational reports, and other critical management information, facilitating informed decision-making and effective oversight.

Where additional expertise is required, Directors may seek independent professional advice at the Company's expense to support the execution of their responsibilities, in turn enhancing the Board's ability to act in the best interests of the Company and its stakeholders.

## Process for Scheduling Board Meetings

### BEFORE THE MEETING

The Company Secretary, in consultation with the Executive Chairman/CEO, are responsible for setting the agenda for Board meetings. The agenda is carefully structured to ensure adequate time is allocated to address all key matters, including strategy, financial performance, industry developments, risk management, and regulatory compliance in order to facilitate meaningful discussions and informed decision-making.

A Board-approved procedure allows any Director to formally request, in writing, the inclusion of additional matters or proposals in the agenda. Once the agenda is finalised, a comprehensive information pack containing the meeting agenda and relevant Board papers is circulated to all Directors at least seven working days before the scheduled meeting.

### AT THE MEETING

All Board members are expected to come well prepared and actively participate in all matters outlined under the agenda. The Chair of each Board committee will be called upon to provide an update on significant matters discussed at their respective Board sub-committee meetings, which are typically scheduled before the Board meeting.

The Executive Chairman /CEO will be invited to provide a comprehensive update on the Company's business and operations to date as well as an overview of the context in which these outcomes were achieved, while selected members of the Corporate Management are also invited to make presentations on the items set out under the agenda.

The Company Secretary maintains minutes of every Board meeting.



### AFTER THE MEETING

The Company Secretary is required to submit the minutes of the meeting to the Executive Chairman/CEO for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.

# CORPORATE GOVERNANCE

## Attendance at Meetings

Directors	Status	Board	AC	RPT	RC	NGC
Mr. Dilhan C. Fernando	ED	4/4	-	-	-	-
Mr. Himendra S. Ranaweera	ED	4/4	-	-	-	-
Mr. Malik J. Fernando	ED	4/4	-	-	-	-
Mr. Roshan C. Tissaaratchy	ED	1/4	-	-	-	-
Mr. Darshana Gunasekera	ED	4/4	-	-	-	-
Ms. Minette D. A. Perera	NED	4/4	4/4	4/4	2/2	2/2
Mr. Rajan N. Asirwatham	NED	4/4	3/4	3/4	2/2	1/2
Dr. Ravindra A. Fernando	NEID	4/4	4/4	4/4	2/2	2/2
Mr. John M. Lo	NEID/ SID	4/4	3/4	4/4	-	2/2
Mr. Anil L. N. Dias (appointed w.e.f. 01.01.2025)	NEID	1/1	1/1	-	-	-

Quarter 01	Quarter 02	Quarter 03	Quarter 04
<ul style="list-style-type: none"> <li>Review and approval of Quarterly financials</li> <li>Review and approval of OPEX and CAPEX budgets for the F/Y 2024/25</li> </ul>	<ul style="list-style-type: none"> <li>Review and approval of Quarterly financials</li> <li>Pre-concurrence of International Ethics Standards Board for Accountants (IESBA)</li> <li>Approval of final dividends for 2023/24</li> </ul>	<ul style="list-style-type: none"> <li>Review and approval of Quarterly financials</li> <li>Approval of Policies per CSE guidelines</li> <li>Appointment of the Risk Management Committee</li> <li>Appointment of the ESG Committee</li> <li>Review on investment in new tea bagging machines</li> </ul>	<ul style="list-style-type: none"> <li>Welcome of Mr. Anil Dias to the Board as an Independent Non-Executive Director</li> <li>Review and approval of Quarterly and YTD</li> <li>Business plan and strategies for the next year financial year</li> </ul>

## GRI 2-18 BOARD AND BOARD SUB-COMMITTEE EVALUATION

The effectiveness of the Board and its Subcommittees is assessed annually through a comprehensive evaluation process. This includes a mandatory self-assessment completed by all Directors, who provide valuable feedback on the Board's composition, dynamics, and overall performance to ensure continuous improvement in governance and decision-making.

## EVALUATING THE PERFORMANCE OF THE CEO

The performance of the Executive Chairman/CEO is evaluated annually by the Nomination and Governance Committee at the conclusion of each financial year. This assessment is benchmarked against the Company's strategic goals, operational targets, and key performance indicators established at the start of the year.

Following the evaluation, the Board submits its recommendations to the Human Resources and Remuneration Committee, which considers any adjustments to the Executive Chairman/CEO compensation, ensuring alignment with performance outcomes, long-term value creation, and shareholder expectations.

# REPORT OF THE BOARD OF DIRECTORS

## General

The Board of Directors of Dilmah Ceylon Tea Company PLC (DCTC) are pleased to present its Annual Report for the financial year ended 31st March 2025, together with the audited Financial Statements of the Company, consolidated Financial Statements of the Group and the Auditor's Report on those Financial Statements, in conformity with the requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange (CSE).

DCTC was incorporated as a public limited liability company in Sri Lanka on 29th May 1981 under the Companies Ordinance No. 51 of 1938. The Company was re-registered as required under the provisions of the Companies Act No. 07 of 2007 on 13th October 2008. The re-registration number of the Company is PQ 209.

The ordinary shares of the Group were listed on the main board of the Colombo Stock Exchange on 01st January 1982, and subsequently transferred to the Diri

Savi Board on 16th August 2017.

The registered office is located at No. 111, Negombo Road, Peliyagoda, Sri Lanka.

The Company has entered into an Agreement with Board of Investment of Sri Lanka (BOI) on and enjoy concessions under section 17 of the BOI Law.

The Annual Financial Statements were reviewed and approved by the Board of Directors on 08 July 2025.

<b>Disclosure Requirements</b>	<b>Reference to the Companies Act No. 07 of 2007</b>	<b>Disclosure Reference for Compliance</b>	<b>Page</b>
The nature of the business of the Company	Section 168 (1) (a)	Note 1.2 to the Financial Statements - Principal Activities and Nature of Business	185
Financial Statements for the accounting period completed and signed in accordance with Section 152	Section 168 (1) (b)	The Financial Statements of the Company and Group for the year ended 31st March 2025	179 - 184
Auditor's Report on the Financial Statements of the Company	Section 168 (1) (c)	Independent Auditors' Report	176 - 178
Any change in accounting policies made during the accounting period	Section 168 (1) (d)	Note 2.6 to the Financial Statements - Changes in Accounting Policies	186
Particulars of entries in the interests register made during the accounting period	Section 168 (1) (e)	Directors' Interest in Contracts with the Company Details of the Directors' shareholdings	166
Remuneration and other benefits of Directors during the accounting period	Section 168 (1) (f)	Note 33.2 to the Financial Statements - Profit / (Loss) Before Tax	220
Total amount of donations made by the Company during the accounting period	Section 168 (1) (g)	Note 25 to the Financial Statements - Profit / (Loss) Before Tax	211
Names of the persons holding office as Directors of the company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	Section 168 (1) (h)	Board Profiles  Appointment of Mr. Anil Dias as a Non-Executive Independent Director  In terms of Article 24 of the Articles of Association of DCTC, Mr. Malik Fernando retires by rotation and being eligible, offers himself for re-election.	24 - 27

# REPORT OF THE BOARD OF DIRECTORS

<b>Disclosure Requirements</b>	<b>Reference to the Companies Act No. 07 of 2007</b>	<b>Disclosure Reference for Compliance</b>	<b>Page</b>
Amounts payable by the Company to the Person or firm holding office as auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Section 168 (1) (i)	Note 25 to the Financial Statements.	211
Particulars of any relationship (other than that of auditor) which the auditor has with, or any interests which the auditor has in the Company or any of its subsidiaries	Section 168 (1) (j)	External Auditors	176
Signed on behalf of the board by two Directors and the Company Secretary	Section 168 (1) (k)		167

## Principal Activities of the Group

The principal activity of the Group is to carry on the business of manufacture, export and marketing of value-added tea and cinnamon under the brand name "Dilmah". The principal activity of the Subsidiary Company is to manufacture, export and market tea in the form of liquid tea concentrate and ready-to-drink tea.

During the year under review the Company sort an amendment to its Objects clause as set out in the Articles of Association of the Company. Accordingly, on 01st April 2025, by approval of shareholder the Company adopted a new objects clause whereby its business activities were expanded into the areas of manufacture, export and marketing of value-added cinnamon.

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

## Review of Operations

A review of the operations of the Group and results of its performance during the financial year are contained in the Chairman's Message (pages 21 to 23) and Financial Capital Report (pages 66 to 71).

## Future Developments

An overview of the future developments of the Group is given in the Chairman's Message (pages 22 to 23).

## Financial Statements

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of the Companies Act No. 07 of 2007. The Financial Statements of the Company and the Group for the year ended 31st March 2025 duly signed by the Chief Financial Officer and two Directors of the Company, are given in pages 179 to 224.

## Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Group and to present a true and fair view of its state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, (SLFRSs and LKAs), Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Listing Rules of the CSE.

The Statement of Directors' Responsibility for Financial Reporting is given on page 172.

## Going Concern

The Board has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

### Group Results and Appropriations

For the year ended 31st March	2025 Rs. '000	2024 Rs. '000
Revenue	21,157,914	18,497,350
Profit for the Year	725,829	762,392
Other Comprehensive Income Net of Tax	46,070	(98,476)
Total Comprehensive Income Net of Tax	771,899	663,916
Interim Dividends for the Current Year	-	207,375
Proposed Final Dividend	414,750	165,900

### Dividends

The Directors recommend paying first and final dividend of 20/- for the year ended 31st March 2025.

The Board of Directors provided the Statements of Solvency to the Auditors and obtained Certificates of Solvency from the Auditors in respect of each dividend payment in terms of Section 56 (2) of the Companies Act No. 07 of 2007. The Board also fulfilled the requirement of the Solvency Test in terms of Section 56 (3) of the Companies Act No. 07 of 2007 immediately after the payment of each interim dividend, and ensured compliance with the Solvency Test after payment of each.

### Corporate Donations

We continue with the Company philosophy that business is a matter of human service. For the current year, the Company made a donation of Rs. 190 million (2023/2024 Rs. 200 million) to the MJF Charitable Foundation. The activities of the Foundation are given on the pages 119 to 123. Other Donations by the Company during the year amounted to Rs. 460,037/- (2023/ 2024 - Rs. 2,054,000/-).

### Taxation

The taxable income is determined according to the provisions of the Inland Revenue Act No.24 of 2007 as amended.

### Human Resources

The Group continues to invest in human capital development and implement effective human resource practices and policies to improve workforce efficiency, effectiveness and productivity, offering equal career opportunities regardless of gender, race or religion.

Upholding the Founders principles of "business is a matter of human service", Board continued to grant an ex-gratia payment to its employees in support of the high tax burden.

There were no material issues pertaining to employees and industrial relations of the Company that occurred during the year under review which requires disclosure.

As at 31st March 2025, 822 persons were employed by the Company (31st March 2024 - 717)

### Statutory Payments

The Directors confirm that to the best of their knowledge and belief, all statutory payments in relation to taxes and duties, and in relation to employees have been made promptly on the due dates.

### Compliance with Laws & Regulations

To the best of the knowledge and belief of the Directors, the Group has not engaged in any activities contravening the laws & regulations of the country. The Group has also formulated and implemented Policy framework relating

to Business Ethics, Human Rights and Anti- Bribery & Corruption to emphasise its commitment towards responsible decision making and corruption free business conduct.

### Policies

In compliance with Rule 9.2.1 of the listing rules, the Company has articulated its governance practices in the form of 12 policies. These policies are available for viewing at <https://www.dilmahtea.com/>

### Capital Expenditure

Capital expenditure incurred on the acquisition of Property, Plant & Equipment during the year of the Company and Group amounted to Rs. 2,776 million and Rs. 2,776 million respectively (2023/24 Company and Group Rs. 982 million and Rs. 1,033 million respectively). Details are given in Note 4 of the Notes to the Financial Statements on pages 195 to 200.

Capital expenditure approved and contracted for and not contracted for, as at Balance Sheet date are given in Note 30 to the Financial Statements on page 217.

### Property, Plant and Equipment (PPE)

Details of property, plant and equipment are given in Note 4 to the Financial Statements on pages 195 to 200. The net book values of freehold properties owned by the Company and the Group as at 31st March 2025 are included in the accounts at Rs. 7,146 million and Rs. 7,234 million respectively (2023/24 Company and Group Rs. 5,105 million and Rs. 5,201 million).

The market value of Property, Plant & Equipment is considered not materially different to the values stated.

### Investments

Investments made by the Company are detailed in Note 8 of the Financial Statements.

# REPORT OF THE BOARD OF DIRECTORS

## **Stated Capital**

The Stated Capital of the Company is Rs. 642,500,000/- divided into 20,737,500 Ordinary Shares.

## **Shareholding**

As at 31st March 2025, there were 1,102 (1,096 as at 31st March 2024) registered shareholders and their distribution is given on page 226. The twenty major shareholders as at 31st March 2025, the number of shares held and their percentage shareholding are disclosed on page 227.

## **Reserves**

The total reserves as at 31st March 2025 stand at Rs. 22,275 million (2023/24 - Rs. 21,668 million) including the FVOCI Reserve of Rs. 67 million (2023/24- Rs. 8 million).

## **Events Occurring after the Balance Sheet Date**

No significant events have occurred after the Balance Sheet date, which require adjustments to or disclosure in the Financial Statements.

## **Risk Management and System of Internal Controls**

The Group has an ongoing process in place to identify, evaluate, and manage the risks that are faced by the Group, as detailed in the Risk Report on pages 55 to 62. An effective and comprehensive system of internal controls is in place comprising of internal checks, internal audit, and financial and other controls required to carry out Group business and safeguard assets. The Audit Committee Report, Risk Management Report and the Independent Auditors' Report thereon are given on pages 168, 55 and 176.

## **Sustainability**

The Group is an early champion of adopting sustainability practices and sustainability reporting. Economic, environment and social sustainability is ingrained into business strategies as detailed in the Sustainability at Dilmah on pages 44 to 48.

## **Directorate**

The profiles of the Directors who held office as at the date of the Statement of Financial Position appear on pages 25 to 27 of this Annual Report.

The Nominations and Governance Committee of the Company has recommended that Mr. Himendra S. Ranaweera the Deputy Chairman and Mr. Rajanayagam Asirwatham NEID who makes an invaluable contribution to the Board and the Company due to their many years of experience, industry knowledge and business acumen are eligible to be reappointed by the shareholders in terms of section 211 of the Companies Act, notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act. Separate resolutions are proposed respectively to re-appoint each of them as Director in terms of Section 211 (1) of the said Companies Act No. 07 of 2007.

The Nominations and Governance Committee has also recommended that, Mr. Anil L.N. Dias who was appointed to the Board on 01st January 2025, and who offers himself for re-election by the shareholders at the Annual General Meeting in terms of Section 23(3) of the Articles of Association of the Company, is eligible to be re-elected to the Board.

In terms of Article 24 of the Articles of Association of the Company which stipulates that one Director who has served the longest on the Board

shall retire at every Annual General Meeting, except the persons appointed to the office of managing or joint managing Director, the Nominations and Governance Committee have recommended that Mr. Malik J. Fernando who is due to retire by rotation is eligible to be re-elected by the shareholders at the Annual General Meeting.

The Board is of the opinion that Mr. Dilhan C. Fernando should continue in the role of Chairman and Chief Executive of the Company in line with the vision the founder Chairman Late Merrill J.Fernando had for the Dilmah brand in taking forward his legacy. Mr. Dilhan Fernando as the younger son of Late Merrill Fernando is expected to hold the same vision, heritage and core values the Company has painstakingly cultivated over the years, thereby eliminating any potential conflicts and unnecessary distractions to delivering a high degree of value to all shareholders of the Company. Accordingly, the Company continues to have a Senior Independent Director in compliance with Section 9.6.3 of the Governance Rules of the Colombo Stock Exchange. Mr. Rajan Asirwatham who served as the Senior Independent Director stepped down from the role as he was reclassified as Non-Independent due to having served over nine years on the Board and being over 70 years of age. Mr. John Lo was appointed as the Senior Independent Director of the Company.

The role and responsibilities of the Senior Independent Director is given on page 173 in the Statement by the Senior Independent Director.

Name of the Director	Status
Mr. Dilhan C. Fernando – Chairman/Chief Executive Officer	ED
Mr. Himendra S. Ranaweera - Deputy Chairman	ED
Mr. Malik J. Fernando	ED
Mr. Roshan C. Tissaaratchy	ED
Mr. Darshana Gunasekera	ED
Ms. Minette D. A. Perera	NED
Mr. Rajanayagam Asirwatham	NED
Dr. Ravindra A. Fernando	IND
Mr. John M. Lo	SID
Mr. Anil L. N. Dias	IND

(IND - Independent Director, NED - Non-Executive Director and ED - Executive Director  
SID- Senior Independent Director )

#### Directors of the Subsidiary - MJF Beverages (Pvt) Ltd.

Name of the Director	Status
Mr. Himendra S. Ranaweera - Deputy Chairman	ED
Mr. Dilhan C. Fernando - Chief Executive Officer	ED
Mr. Malik J. Fernando	ED
Mr. Roshan C. Tissaaratchy	ED
Mr. Daya P. Wickramatunga	IND

#### Interests Register

The Company maintains an Interests Register as required by the Companies Act No. 07 of 2007. All Directors have made general disclosures relating to share dealings and indemnities and remuneration to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 07 of 2007.

The Nominations and Governance Committee has ensured that all members of the Board have fulfilled the fit and proper criteria assessment as set out in CSE Rule 9.7.3. As such there were no non-compliance/s by any Board Member of the Listed Entity with the Fit and Proper Assessment Criteria. Their profiles are provided in pages 25 to 27. Their other principal commitments and directorships are given in page 25 to 27. All relevant declarations made by Board Members during the year under review are duly entered in the Interests Register, and is available at the registered head office of the Company, in keeping with the requirements of the Section 119 (1) (d) of the Companies Act No. 07 of 2007.

#### Board Sub-Committees

The Board delegates functions warranting greater attention to four (4) Board Sub-Committees with oversight responsibility for the same. Accordingly, the following mandatory Sub-Committees have been constituted by the Board in compliance with the Listing Rules of the CSE.

Board Committee	Members	
Audit Committee	Mr. Anil L. N. Dias - Chairman Mr. Rajanayagam Asirwatham Ms. Minette D. A. Perera Dr. Ravindra A. Fernando Mr. John M. Lo	Report of the Audit Committee is given on page 168
Remuneration Committee	Dr. Ravindra A. Fernando - Chairman Ms. Minette D. A. Perera Mr. John M. Lo Mr. Rajanayagam Asirwatham	Report of the Remuneration Committee is given on page 170
Related Party Transactions Review Committee	Dr. Ravindra A. Fernando – Chairman Mr. Rajanayagam Asirwatham Ms. Minette D. A. Perera Mr. John M. Lo	Report of the Related Party Transaction Review Committee is given on page 171
Nominations and Governance Committee	Dr. Ravindra A. Fernando - Chairman Mr. Rajanayagam Asirwatham Ms. Minette D. A. Perera Mr. John M. Lo	Report of the Nominations and Governance Committee is given on page 169

# REPORT OF THE BOARD OF DIRECTORS

## Related Party Transactions

All Related Party Transactions (RPTs, other than those exempted by the CSE listing rules on the RPTs) are carried out and disclosed in a manner consistent with the CSE Listing Rules. Relevant disclosures made by the Directors on contracts and proposed contracts with the Company or any of the subsidiaries within the Group appear under Note 33 in Related Party Disclosure to the Financial Statements on pages 217 to 219 of the Report. These interests have been declared at Directors meetings in compliance with the requirements on Related Party Transactions of the Listing Rules of the CSE and Section 192 (1) of the Companies Act No. 07 of 2007.

The Related Party Transaction Review Committee is responsible for reviewing the Related Party Transactions of the Company. The Committee Report is given on page 171.

## Directors Emoluments

During the year under review, total remuneration of the Executive Directors amounted to Rs. 245,742,110/- and Non-Executive Directors amounted to Rs. 4,205,000/- (2023/24 - Executive Directors Rs. 270,180,514/- and Non-Executive Directors Rs. 3,780,000/-)

## Directors Interests in Shares and Shareholding

Directors of the Company and its subsidiaries who have relevant interests in the shares of the respective Companies have disclosed their shareholding and any acquisitions/disposals to their respective Boards in compliance with Section 200 of the Companies Act No. 7 of 2007. The direct shareholdings of Directors together with that of their spouses & dependent children are as follows:

Name of the Director	2025	2024
Mr. Malik J. Fernando	24,200	24,200
Mr. Dilhan C. Fernando	60,400	60,400
Mr. Himendra S. Ranaweera	22,984	22,984
Ms. Minette D. A. Perera	200	200
Mr. Roshan C. Tissaaratchy	4,000	4,000
Mr. Rajanayagam Asirwatham	4,800	4,800
Mr. Darshana Gunasekera	-	-
Dr. Ravindra A. Fernando	-	-
Mr. John M. Lo	-	-
Mr. Anil L.N. Dias	-	-

The indirect shareholdings of Directors, Mr. Malik J. Fernando & Mr. Dilhan C. Fernando, together with that of their spouses & dependent children are as follows:

As at 31st March	2025	2024
MJF Teas (Pvt) Ltd.	13,812,882	13,812,882
MJF Exports (Pvt) Ltd.	4,256,712	4,256,712
Merrill J. Fernando and Sons (Pvt) Ltd.	25,300	25,300

## Corporate Governance

The Directors are responsible for the formulation and implementation of overall business strategies, policies and setting standards in the short, medium and long-term basis adopting good governance in the management of the affairs of the Company.

Accordingly, systems and structures have been introduced and improved from time-to-time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance Practices adopted by the Company is given on pages 148 to 160 of this Annual Report. The Company has complied with the Continued Listing Rules of Colombo Stock Exchange (CSE) on Corporate Governance.

## Group Auditors

Ernst & Young, Chartered Accountants, served as the Group Auditors during the year under review and the Auditors' Report is given on pages 176 to 178 of the report. The Auditors have confirmed that they have no interest in, or relationship with the Company or its Subsidiary other than that of Auditors. They also confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Fees payable and fees for other services rendered are noted hereunder: Fees payable to Auditors for the current financial year Rs. 1,664,869/- (2023/24 - 1,447,712/-). Fees payable for other services rendered Rs. 3,916,997 /- (2023/24 - Rs. 1,671,677/-). Auditors Ernst & Young have expressed their willingness to continue in office.

A resolution to reappoint them as Auditors and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

#### **Transfer Pricing Regulations**

It is certified that the Group has complied with the transfer pricing regulations issued under Section 104 of the Inland Revenue Act No. 10 of 2006. The information pursuant to these regulations are given under certificate produced under Section 107 (2) (a) of the said Act.

We believe that the transactions entered into with related parties during the period 01.04.2024 to 31.03.2025 are at arm's length and not prejudicial to the interests of the Group. The transactions are entered into on the basis of transfer pricing policy adopted by the Group. All transactions have been submitted to the independent auditor for audit and no adverse remarks have been made in their report on the audit of such transactions.

#### **Outstanding Litigation**

There is no litigation against the Group that will have a material impact on the reported financial results or future operations.

#### **Notice of Annual General Meeting**

The 44th Annual General Meeting of Dilmah Ceylon Tea Company PLC is to be convened on 31st July 2025 at 11.00 hours from the broadcasting venue of 111, Negombo Road, Peliyagoda as a fully virtual meeting. Notice of the Annual General Meeting appears on page 243.

#### **Acknowledgment of the Contents of the Report**

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

For and on behalf of the Board of Directors.

**Mr. Dilhan C. Fernando**

Chairman/CEO

**Mr. Himendra S. Ranaweera**

Deputy Chairman

**Ms. Minette D. A. Perera**

Director

MJF Corporate Services (Private) Limited  
Secretaries

At Colombo  
on this 08 day of July 2025

# REPORT OF THE AUDIT COMMITTEE

## Committee Composition

The Audit Committee appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of five Non-Executive Directors, three of whom are 'Independent' as per the Listing Rules. Mr. Rajan Asirwatham, stepped down as the Chairman of the Audit Committee on 31st December 2024, when he was re-classified as Non-Independent, having served over 9 years on the Board and being over 70 years of age. Mr. Anil Lasantha Naomal Dias was appointed as the Chairman of the Committee on 01st January 2025. Mr. Dias is a Fellow Member of the Chartered Institute of Management Accountants, of the UK. Ms. Minette Perera NED, Dr. Ravindra A. Fernando and Mr. John M. Lo NEID serve as Members of the Committee. The Secretary to the Board functions as the Secretary of the Committee.

## Committee Meetings

The Committee held four quarterly meetings during the financial year under review. Mr. Anil Dias, the Chairman, attended his first meeting on 24th February 2025. Mr. Rajan Asirwatham, Ms. Minette Perera, Dr. Ravindra Fernando and Mr. John Lo attended all four meetings. The Group Finance Director, Chief Financial Officer attended all meetings of the Committee by invitation.

## Role of the Committee

The primary function of the Committee is to assist the Board in fulfilling its responsibilities, overseeing management's conduct of the Company's financial reporting process and systems of internal accounting and financial controls, overseeing the internal audit function, monitoring the independence and performance of the Company's external auditors, and providing an avenue of communication among the external auditors, the management and the Board.

## Internal Audit

The Committee regularly reviews the scope of the internal audit function and

reviews audit programmes proposed. Our internal audit function is outsourced to KPMG who are an internationally recognised team of accounting professionals. The internal audit findings are discussed and follow up reviews of audit findings are undertaken, to ensure that audit recommendations are being implemented. The Committee also assesses the effectiveness of the internal audit function. The Committee is of the view that the internal controls prevalent within the Group are satisfactory and provide reasonable assurance that the financial position of the Company is well monitored and the assets are safeguarded.

## External Audit

The Committee is empowered to recommend the appointment of the External Auditor in compliance with the relevant statutes, the service period, audit fee and any resignation or dismissal of the Auditor. The Committee is satisfied that there is no conflict of interest between the Company and the Auditor, other than for the payment of audit fees. The Committee is thus satisfied that there is no cause to compromise the independence and objectivity of the Auditor.

The Committee has recommended to the Board of Directors that Messrs Ernst & Young be re-appointed as the Auditors for the year ending 31st March 2026 subject to the approval of the shareholders at the Annual General Meeting. The Committee has also made its recommendations to the Board of Directors on the fees payable to the Auditors for approval by the Board.

## Financial Reporting

The Committee reviewed and recommended the Group's interim and annual financial statements for approval of the Board prior to submission to the Colombo Stock Exchange and shareholders.

The Committee reviewed and certified the profit reconciliation based on SLFRS/

LKAS rules and directions and impact to the prudential ratios with regard to dividend declarations in compliance with relevant regulations. The Committee reviewed the internal controls on financial reporting system to ensure the reliability and integrity of information provided. The review included the extent of compliance with SLFRS/LKAS and applicable laws and regulations, review of critical accounting policies and practices and any changes thereto, alternative accounting treatments, going concern assumptions, major judgemental areas and material audit judgments.

**Mr. Anil Lasantha Naomal Dias**

Chairman  
Audit Committee

08 July 2025

# REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

## Committee Composition GRI 2-10

The Nominations and Governance Committee appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of four Non-Executive Directors and three of them are Independent. Dr.Ravindra Fernando who is a Non-Executive independent Director is the Chairman. Ms. Minette Perera, Mr. Rajan Asirwathan and Mr.John Lo serve as its members. The Secretary to the Board functions as the Secretary of the Committee.

## Committee Meetings

The Committee had two meetings during the financial year under review. Dr. Ravi Fernando, the Chairman, and members Ms. Minette Perera and Mr. John Lo attended both meetings while Mr. Rajan Asirwathan was excused from one.

## Role of the Committee

The function of the Committee is mandated by Terms of Reference approved by the Board of Directors which have been developed in line with Rule 9.11.5 of the Listing Rules. Accordingly, the Committee is delegated with the authority by the Board to review the Board's composition and diversity, formulate and implement the policy for nominating Board candidates for election by Shareholders, make recommendations to the Board on the appointment of Directors and members to the Board committees, and assess Independent Non-Executive Director's independence and commitment. The Committee is also responsible for succession planning for Directors, CEO and senior executives, leadership training and development, and oversight of matters relating to corporate governance. The Nominations and Governance Committee is expected to enhance efficiency of the Board of Directors in steering the operation of the Company forward in line with new strategies and help build confidence among the shareholders, investors and all stakeholders.

The Committee performed its duties with responsibility, ethics and independence. Ensuring that the nomination and remuneration procedures are transparent and fair in accordance with the corporate governance rules.

## Activities during year 2024/25

During the year, the Committee reviewed and evaluated the profiles of proposed Directors and recommended their appointment to the Board. The Committee also reviewed the structure and composition of the Board and Board Committees and recommended additions to Committees. Board performance evaluation was carried out and discussed at Board meetings. This entails the evaluation of the performance of the Board, its Committees and the performance of the Chairman/CEO.

The Policies of the Company were reviewed during the year and necessary amendments were incorporated. The Committee ensured that the Policies were published on the Company website.

The Committee also checked the Independence of the Directors against the criteria for independence as set out in the Listing Rules. The Committee ensured that the declaration of independence is carried out by the Independent Directors and concluded that all Independent Directors of the Company meet the criteria for determining independence. The Committee also evaluated all the Directors against the Fit and Proper assessment criteria.

The Committee ensured that Corporate Governance rules stipulated by the Colombo Stock Exchange are adhered to by the Board and the Company throughout the year. It has further established Board diversity by bringing a wide range of experience and skills, age and gender diversity to the Board to make certain that the Board effectively performs its duties.

Newly appointed Directors were inducted to the Board by giving adequate information on the Group companies and their respective local and foreign operations. They were also updated on the Listing Rules on corporate governance and securities market regulations.

## Reappointments/Re-elections

One Director except the persons appointed to the office of managing or joint managing Director who has served

the longest on the Board retire by rotation at every Annual General Meeting, in terms of the Articles of Association of the Company, and being eligible submit him/herself for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. Malik J. Fernando to the Board at the Annual General Meeting to be held on 31st July 2025, based on his performance and the contribution made to achieve the objectives of the Board.

Mr. Anil L. N. Dias was appointed to the Board on 01st January 2025, upon perusal of his professional qualifications and industrial expertise, his nomination was duly recommended to the Board by the Committee.

Due to the invaluable contribution made to the Board as a result of many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint the Mr. Himendra Ranaweera who serves as the Deputy Chairman of the Company and Mr. Rajan Asirwatham who is a long-standing member of the Board who are over seventy years, and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Committee affirms that it has met the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange and further details are given in the Corporate Governance narrative from pages 148 to 160.



**Dr. Ravindra Fernando**

Chairman  
Nomination and Governance Committee

08 July 2025

# REPORT OF THE REMUNERATION COMMITTEE

## Committee Composition GRI 2-19, 2-20

The Remuneration Committee, appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of four Non-Executive Directors, of whom two are Independent as per the Listing Rules. Ms. Minette D A Perera stepped down from the Chair position on 09th October 2024 and Dr. Ravindra A. Fernando was nominated as the Chairman w.e.f.10th October 2024.

Ms. Minette Perera and Mr. Rajan Asirwatham continue to serve as members of the Committee and Mr. John Lo was appointed as a member on 10th October 2024. The Secretary to the Board functions as the Secretary of the Committee.

## Committee Meetings

The Committee held one meeting during the year under review with the attendance of Ms. Minette Perera the Chairperson at the time and Dr. Ravi Fernando together with Mr. Rajan Asirwatham. As this meeting was held before the appointment of Mr. Lo to the Committee it was not attended by him. The Deputy Chairman, attended the meeting of the Committee by invitation.

## Role of the Committee

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors and Senior Management.

The Committee evaluates, assesses and recommends to the Board of Directors on matters that may affect Human Resources Management of the Company and specifically include :

- Reviewing and providing recommendations to the Board on the Remuneration Policy of the Company

and its specific application to the Directors and Senior Management.

- Reviewing the process of determination of the compensation of the Chief Executive, Executive Directors and Senior Management.
- Review the guidelines and parameters for annual salary increments and bonuses.
- Ensure that the necessary disclosures required in the Annual Report relating to director remuneration are made.

## Remuneration Policy

The remuneration policy of the Company is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Company and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are aligned with the Companies short term and long-term strategy.

Non-Executive Directors receive a fee for serving on the Board and serving on sub committees. They do not receive any performance related incentive payments.

## Activities in 2024/25

During the year the Committee reviewed the and made recommendations to the Board on the Remuneration Policy of the Company and its specific application to the Directors and Senior Management.

The aggregate remuneration of the Executive and Non-Executive Directors for the financial year amounted to Rs. 250 Million.



## Dr. Ravindra A. Fernando

Chairman  
Remuneration Committee

08 July 2025

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

## Committee Composition GRI 2-15

The Related Party Transaction Review Committee appointed by the Board of Directors of Dilmah Ceylon Tea Company PLC, comprises of Four Non-Executive Directors as at the end of the reporting period, two of them are 'Independent' as per the Listing Rules.

Dr. Ravindra Fernando serves as the Chairman of the Committee while Ms. Minette Perera, Mr. Rajan Asirwatham and Mr. John Lo continue to serve as members. The Secretary to the Board functions as the Secretary of the Committee.

## Committee Meetings

The Committee held four quarterly meetings during the financial year under review. Dr. Fernando, Ms. Minette Perera and Mr. John Lo attended all four meetings whilsts Mr. Rajan Asirwatham attended three. Group Director Finance and the Chief Finance Officer attended the meetings of the Committee by invitation.

## Role of the Committee

- The Primary role of the Committee is to review in advance all proposed Related Party Transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction. It is free to seek any information it requires from the Management, employees or external parties with regard to any transaction entered into with a related party.
- Establish and maintain a clear policy, procedure and process for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Company and the Company. The Committee is to

communicate its observations on the related party transactions if any to the Board of Directors.

- To monitor that all related party transactions of the Company are transacted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts with regard to the value of the substantial assets of the related party transaction.
- The Committee also ensures that immediate market disclosure of any related party transaction is made in accordance with the CSE Rules to the Colombo Stock Exchange.
- The Committee identifies persons who shall be considered as "Key Management Personnel" of the Company and self-declarations are obtained from each such person for the purpose of identifying related parties to them. Based on the information furnished on these declarations, the Company has developed a system that enables the Company to retrieve data on related party transactions.

## Related Party Transactions during the Year 2024/25.

The Committee has reviewed the related party transactions during the financial year 2024/25 and has communicated its comments/observations to the Board. There were no nonrecurrent related party transactions that exceeded the

respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange. The company is therefore compliant with the said Rules on related party transactions. Details of other related party transactions entered into by the Company during the period under review is disclosed in note 33 to the financial statements.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management.

## Declarations

The Committee reviewed the disclosures made by each of the members of the Board on transactions in which he/she is interested or which is proposed to be entered into with a related party on quarterly basis. The declarations made by them on compliance with regulatory requirements as set out in the Listing Rules pertaining to Related Party Transactions are recorded in an Interest Register maintained by the Company.



**Dr. Ravindra Fernando**

Chairman  
Related Party Transactions Review Committee

08 July 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS

The following statement sets out the responsibilities of Directors, in relation to the Financial Statements. This should be read in conjunction with the Auditors responsibility in relation to the Financial Statements, set out in the report of the Auditors on page 176 to 178 of this report.

The Companies Act No. 07 of 2007 requires the Directors to prepare Financial Statements for each year giving a true and fair view of the state of the affairs of the Company as at end of the financial year and the financial performance for the year. The Directors are also responsible to ensure that proper accounting books and records are maintained, to prepare the Financial Statements with reasonable accuracy.

The Financial Statements comprise of the statement of financial position as at 31st March 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended together with the notes thereto.

The Directors confirm that the consolidated Financial Statements of the Company give a true and fair view of :

- The state of affairs of the Company as at 31st March 2025
- The profit or loss of the Company and its subsidiary for the financial year then ended.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements and the Directors are responsible to ensure that in preparing the Financial Statements, appropriate accounting policies have been selected and applied in a consistent manner and that material departures, if any, have been disclosed and explained.

It is the responsibility of the Directors to ensure that the Financial Statements have been prepared in conformity with Sri Lanka Accounting Standards (LKAS/ SLFRS), Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange and be certified by the Sector Financial Controller of the Company and signed by the two Directors as required by the Companies Act No.07 of 2007.

The Directors consider that in preparing the Financial Statements exhibited on pages 179 to 224 they have adopted appropriate accounting policies on a consistent basis, supported by reasonable and prudent judgment, assumptions and estimates.

The Directors are required to prepare these Financial Statements on a going concern basis, unless it is inappropriate to presume that the Company will continue as a going concern. The Directors are required to take reasonable steps to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the Company's business in an orderly manner and to safeguard its assets and ensure as far as practicable the accuracy and reliability of records.

The Directors confirm that the Auditors of the Company, Messrs Ernst & Young were provided every opportunity to undertake whatever inspections they considered necessary to enable them to form their opinion on the Financial Statements.

Messrs Ernst & Young have examined the Financial Statements made available together with all other financial records, minutes of shareholders' and directors' meetings and related information, and have expressed their opinion which appears on page 176 to 178 of this annual report.

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid, or where relevant provided for.

The Board of Directors confirm that they have authorised distribution of dividends upon being satisfied that the Company satisfies the solvency test immediate after such distributions are made in accordance with Section 57 of the Companies Act No.07 of 2007 and as required by Section 56(2) of the said Companies Act, have obtained solvency certificates from the Auditor, prior to authorising interim dividends for this year.

The Directors are of the opinion that the Financial Statements presented in the report from pages 179 to 224 have been prepared in accordance with the above and that they discharged their duties as set out in this statement.

By Order of the Board,

**MJF Corporate Services (Private) Limited**  
Secretaries

08 July 2025

# STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

On 01st January 2025, I was appointed by the Board of Dilmah Ceylon Tea Company Plc as the Senior Independent Director (SID) of the Company, since Mr. Rajan Asirwathan who served as the SID was reclassified as Non-Independent in accordance with the criteria for independence stipulated in the Governance Rules of the Listing Rules of the Colombo Stock Exchange.

It is a requirement for listed companies to appoint an Independent Director as the SID if the Chairperson is an Executive Director, and /or if the position of the Chairperson and Chief Executive Officer is held by the same person and/or if the Chairperson and the CEO are close family members. These rules are provided in Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the CA Sri Lanka. At Dilmah Ceylon Tea Company PLC, Mr. Dilhan Fernando as an executive Director holds the combined roles of Chairman and CEO. The Board has determined that this is the best and most appropriate arrangement for the Company per the vision the founder Chairman Late Merrill J.Fernando had for the Dilmah brand and in taking forward his legacy. Mr. Dilhan Fernando as the younger son of Late Merrill Fernando is expected to hold the same vision, heritage and core values the Company has painstakingly cultivated over the years.

## ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company. The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board. The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

## ACTIVITIES DURING THE YEAR

During the year I presided over meetings called for evaluation of Board Performance and exercised my voting rights where necessary. A meeting was held as a virtual meeting with the Non-Executive Directors without the presence of the Executive Directors. At this meeting the performance of the Chairman and the Executive Directors were appraised. The Non-Executive Directors expressed their satisfaction on governance matters and the creditable performance of the Chairman who created a conducive environment for unfettered opinions and suggestions. The decisions were unanimous, and I did not need to exercise my voting rights.

A separate meeting was held only with the Independent Directors discussions where we candidly discussed matters relating to the Company and the operation of the Board. The Independent Directors applauded the creditable performance of the Company which was well governed and where annual targets were met. They also mentioned areas which needed improvement. As it is my responsibility, the outcome of these meetings together with recommendations were duly informed by me to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence. I am available for all key stakeholders to raise any concerns which they have. I believe such unbiased and independent engagements have made a positive impact on value creation. As such I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



**Mr. John Lo**  
Senior Independent Director

08 July 2025



# Performance that Grows

Our performance is the result of the combined efforts outlined in the preceding pages. Grounded in a disciplined growth strategy and a commitment to operational excellence, it reflects strong financial returns, as well as a steadfast commitment to sustainable value creation that supports the long-term success of our collective journey.



# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
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Colombo 03, Sri Lanka

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## TO THE SHAREHOLDERS OF DILMAH

## CEYLON TEA COMPANY PLC

### Report on the Audit of The Financial Statements

#### Opinion

We have audited the financial statements of Dilmah Ceylon Tea Company PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

#### Basis for opinion

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

#### Key audit matters

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

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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<b>Revenue</b>  Revenue from Contracts with Customers  The Group derived its revenue of Rs. 21.157 Bn as disclosed in Notes 2.18 & 20 to the financial statements.  Revenue was a key audit matter due to the materiality of the reported balance.	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"><li>Tested the relevant key controls relating to the sale of goods. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue.</li><li>Performed analytical procedures to understand and assess the reasonableness of the reported revenues.</li><li>Tested revenue transactions by reviewing sales contracts, shipping documents and other relevant supporting documents. Our procedures included testing revenue cut off at the period-end to determine whether transactions are recorded in the proper period.</li></ul> <p>We also assessed the adequacy of the disclosures in respect of revenue in Notes 2.18 and 20 to the financial statements.</p>

## **Other information included in the 2025 Annual Report**

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

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

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

## **Responsibilities of the management and those charged with governance for the financial statements**

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

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

using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

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

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

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

## Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2471.

08 July 2025  
Colombo

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

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

A member firm of Ernst & Young Global Limited

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2025	Notes	Group		Company		
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant and Equipment	4	7,233,780	5,201,474	7,145,911	5,105,203	
Investment Property	5	633,064	617,428	633,064	617,428	
Intangible Assets	6	138,353	129,005	138,353	129,005	
Right of Use Asset	7	995,327	1,025,132	986,068	1,015,418	
Deferred Tax Asset	26	-	22,985	-	35,787	
Other Non-Current Financial Assets	8	300,818	225,437	300,818	225,437	
<b>Total Non-Current Assets</b>		<b>9,301,342</b>	<b>7,221,461</b>	<b>9,204,214</b>	<b>7,128,278</b>	
<b>Current Assets</b>						
Inventories	9	3,235,912	2,754,652	3,179,363	2,690,191	
Trade and Other Receivables	10	7,180,754	6,250,593	7,098,803	6,195,296	
Advances and Prepayments	11	1,302,060	2,214,098	1,255,754	2,199,306	
Amounts Due from Related Party	12	24,157	23,273	205,932	168,508	
Other Current Financial Assets	13	4,764,061	3,445,999	4,764,061	3,445,999	
Cash and Cash Equivalents	14	3,091,576	5,114,921	3,053,514	5,106,894	
<b>Total Current Assets</b>		<b>19,598,520</b>	<b>19,803,536</b>	<b>19,557,427</b>	<b>19,806,194</b>	
<b>Total Assets</b>		<b>28,899,862</b>	<b>27,024,997</b>	<b>28,761,641</b>	<b>26,934,472</b>	
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and Reserves</b>						
Stated Capital	15	642,500	642,500	642,500	642,500	
Other Components of Equity		67,010	(8,371)	67,010	(8,371)	
Retained Earnings		22,207,621	21,677,003	22,147,066	21,623,566	
<b>Total Equity</b>		<b>22,917,131</b>	<b>22,311,132</b>	<b>22,856,576</b>	<b>22,257,695</b>	
<b>Non-Current Liabilities</b>						
Lease Liability	7	1,140,163	1,154,114	1,129,591	1,143,504	
Retirement Benefit Obligations	16	597,908	447,758	591,273	441,783	
Deferred Tax Liability	26	466,142	-	453,688	-	
		<b>2,204,213</b>	<b>1,601,872</b>	<b>2,174,552</b>	<b>1,585,287</b>	
<b>Current Liabilities</b>						
Trade and Other Payables	17	1,532,725	1,086,180	1,495,629	1,065,339	
Provisions and Accrued Expenses	18	1,695,088	1,411,477	1,678,888	1,404,967	
Lease Liability	7	64,511	71,980	63,824	71,206	
Income Tax Payable	26	486,194	542,356	492,172	549,978	
		<b>3,778,518</b>	<b>3,111,993</b>	<b>3,730,513</b>	<b>3,091,490</b>	
<b>Total Liabilities</b>		<b>5,982,731</b>	<b>4,713,865</b>	<b>5,905,065</b>	<b>4,676,777</b>	
<b>Total Equity and Liabilities</b>		<b>28,899,862</b>	<b>27,024,997</b>	<b>28,761,641</b>	<b>26,934,472</b>	

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



R. N. Malinga  
Chief Financial Officer

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the board by:



Dilhan C Fernando  
Chairman/CEO



Darshana Gunasekera  
Group Finance Director

The accounting policies and notes on pages 185 through 224 form an integral part of these financial statements.

08 July 2025  
Colombo

# STATEMENT OF PROFIT OR LOSS

Year Ended 31 March 2025	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue from Contracts with Customers	20	21,157,914	18,497,350	20,988,308	18,349,958
Cost of Sales		(13,494,549)	(11,248,799)	(13,349,011)	(11,119,396)
<b>Gross Profit</b>		<b>7,663,365</b>	<b>7,248,551</b>	<b>7,639,297</b>	<b>7,230,562</b>
Other Income	21	34,006	76,980	33,983	69,019
Administrative Expenses		(3,094,268)	(3,130,733)	(3,082,308)	(3,123,438)
Selling and Distribution Costs		(3,570,133)	(2,954,526)	(3,567,498)	(2,953,862)
Foreign Exchange Gain/(Loss)	22	451,933	(490,358)	450,055	(489,657)
Finance Costs	23	(148,341)	(185,145)	(146,966)	(183,757)
Finance Income	24	352,683	802,126	352,645	802,108
<b>Profit Before tax</b>	25	<b>1,689,245</b>	<b>1,366,895</b>	<b>1,679,208</b>	<b>1,350,975</b>
Income Tax Expense	26	(963,416)	(604,503)	(960,044)	(598,727)
<b>Profit for the year</b>		<b>725,829</b>	<b>762,392</b>	<b>719,164</b>	<b>752,248</b>
Earnings per Share (Rs.)	27	35.00	36.76	34.68	36.27
Dividend per Share (Rs.)	28	8.00	50.00	8.00	50.00

The accounting policies and notes on pages 185 through 224 form an integral part of these financial statements.

# STATEMENT OF OTHER COMPREHENSIVE INCOME

Year Ended 31 March 2025	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit for the year		725,829	762,392	719,164	752,248
Other Comprehensive Income					
Other Comprehensive Income/(Loss) to be reclassified to Profit or Loss in subsequent periods;		-	-	-	-
Net Other Comprehensive Income/(Loss) to be reclassified to Profit or Loss in subsequent periods;		-	-	-	-
Other Comprehensive Income/(Loss) not to be classified to profit or loss in subsequent periods:					
Re-measurement Gain / (Loss) on Employee Retirement Benefit Obligation	16	(41,873)	(75,869)	(42,520)	(74,822)
Deferred Tax attributable to re-measurement Gain / (Loss) on Employee Retirement Benefit Obligation	26	12,562	22,761	12,756	22,446
Change in Fair Value of FVOCI Investments	8.3	75,381	(45,368)	75,381	(45,368)
Net Other Comprehensive Income/(Loss) not to be reclassified to Profit or Loss in Subsequent periods;		46,070	(98,476)	45,617	(97,744)
Other Comprehensive Income/(Loss) for the year, Net of Tax		46,070	(98,476)	45,617	(97,744)
Total Comprehensive Income for the year, Net of Tax		771,899	663,916	764,781	654,504

The accounting policies and notes on pages 185 through 224 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Year Ended 31 March 2025	Notes	Other Components of Equity			Total Rs. '000
		Stated Capital Rs. '000	FVOCI Reserve Rs. '000	Retained Earnings Rs. '000	
<b>Group</b>					
As at 01 April 2023		642,500	36,997	22,004,594	22,684,091
Profit for the Year		-	-	762,392	762,392
Other Comprehensive Income/(Loss)		-	(45,368)	(53,108)	(98,476)
Total Comprehensive Income/(Loss) for the year		-	(45,368)	709,284	663,916
2nd Interim Dividend - 2022/23	28	-	-	(518,438)	(518,438)
Final Dividend - 2022/23	28	-	-	(311,062)	(311,062)
1st Interim Dividend - 2023/24	28	-	-	(207,375)	(207,375)
As at 31 March 2024		642,500	(8,371)	21,677,003	22,311,132
Profit for the Year		-	-	725,829	725,829
Other Comprehensive Income/(Loss)		-	75,381	(29,311)	46,070
Total Comprehensive Income/(Loss) for the year		-	75,381	696,518	771,899
Final Dividend - 2023/24	28	-	-	(165,900)	(165,900)
As at 31 March 2025		642,500	67,010	22,207,621	22,917,131
<b>Company</b>					
As at 01 April 2023		642,500	36,997	21,960,569	22,640,066
Profit for the Year		-	-	752,248	752,248
Other Comprehensive Income/(Loss)		-	(45,368)	(52,376)	(97,744)
Total Comprehensive Income/(Loss) for the year		-	(45,368)	699,872	654,504
2nd Interim Dividend - 2022/23	28	-	-	(518,438)	(518,438)
Final Dividend - 2022/23	28	-	-	(311,062)	(311,062)
1st Interim Dividend - 2023/24	28	-	-	(207,375)	(207,375)
As at 31 March 2024		642,500	(8,371)	21,623,566	22,257,695
Profit for the Year		-	-	719,164	719,164
Other Comprehensive Income/(Loss)		-	75,381	(29,764)	45,617
Total Comprehensive Income/(Loss) for the year		-	75,381	689,400	764,781
Final Dividend - 2023/24	28	-	-	(165,900)	(165,900)
As at 31 March 2025		642,500	67,010	22,147,066	22,856,576

The accounting policies and notes on pages 185 through 224 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

Year Ended 31 March 2025	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
<b>Cash Flows From / (Used in) Operating Activities</b>					
Profit before Income Tax Expense		1,689,245	1,366,895	1,679,208	1,350,975
<b>Adjustments for</b>					
Depreciation	25	637,479	508,917	628,732	502,865
Amortisation of Intangible Assets	25	35,890	27,451	35,890	27,451
Depreciation on Right of Use Asset	7	29,805	29,805	29,350	29,349
Interest Expense on Lease Liability	23	148,341	147,252	146,966	145,864
Unrealised Foreign Exchange (Gain) / Loss		592,052	673,766	590,045	670,582
Interest Expenses	23	-	37,893	-	37,893
Dividend Income	21	(40)	(45)	(40)	(45)
Interest Income	24	(352,683)	(802,126)	(352,645)	(802,108)
Profit on disposal of Property, Plant and Equipment	21	(10,684)	(14,874)	(10,684)	(14,874)
Provision for Impairment of Receivables		38,528	361,635	32,383	360,680
Provision for Defined Benefit Plans	16	151,138	94,798	149,831	93,514
Impairment Loss on Amounts due from Related Party		-	-	(36,540)	(54,841)
Operating Profit before Working Capital Changes		2,959,071	2,431,367	2,892,496	2,347,305
<b>Working Capital Changes:</b>					
(Increase)/ Decrease in Inventories		(481,259)	25,377	(489,172)	39,653
(Increase)/ Decrease in Trade and Other Receivables		(1,060,055)	(23,242)	(1,028,179)	3,464
(Increase)/ Decrease in Advances and Prepayments		(404,577)	(1,482,516)	(373,062)	(1,485,128)
Increase/ (Decrease) in Trade and Other Payables		445,864	(160,526)	429,636	(176,263)
(Increase)/ Decrease in Amounts Due From Related Party		(885)	(23,273)	(885)	(23,273)
Increase/ (Decrease) in Provisions and Accrued Expenses		283,800	(223,276)	273,921	(225,224)
Cash Flows from Operations		1,741,959	543,911	1,704,755	480,534
Retirement Benefit Obligation Paid	16	(42,861)	(23,302)	(42,861)	(22,993)
Interest Paid		-	(37,893)	-	(37,893)
Income Tax Paid	26	(518,076)	(963,792)	(515,620)	(948,267)
Net Cash Flows from/(used) in Operating Activities		1,181,022	(481,076)	1,146,274	(528,619)

# STATEMENT OF CASH FLOWS

Year Ended 31 March 2025	Notes	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
<b>Investing Activities</b>					
Acquisition of Property, Plant and Equipment	4	(1,388,210)	(1,009,466)	(1,387,865)	(958,215)
Acquisition of Investment Properties		(26,335)	-	(26,335)	-
Acquisition of Intangible Assets	6	(45,238)	(23,796)	(45,238)	(23,796)
Acquisition of Other Current Financial Assets	13	(1,318,062)	(2,474,957)	(1,318,062)	(2,474,957)
Proceeds from Disposal of Property, Plant and Equipment		56,422	14,874	56,422	14,874
Dividend Received	21	40	45	40	45
Interest Received	24	352,683	802,126	352,645	802,108
<b>Net Cash Flows used in Investing Activities</b>		<b>(2,368,700)</b>	<b>(2,691,174)</b>	<b>(2,368,393)</b>	<b>(2,639,941)</b>
<b>Financing Activities</b>					
Repayment of Lease Liability	7	(169,761)	(133,060)	(168,261)	(131,227)
Dividends Paid	28	(165,900)	(1,036,875)	(165,900)	(1,036,875)
Proceeds from Interest Bearing Loans and Borrowings		-	3,084,309	-	3,084,309
Prepayments from Interest Bearing Loans and Borrowings		-	(3,084,309)	-	(3,084,309)
<b>Net Cash Flows used in from Financing Activities</b>		<b>(335,661)</b>	<b>(1,169,935)</b>	<b>(334,161)</b>	<b>(1,168,102)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(500,006)	(463,772)	(497,100)	(463,749)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>(2,023,345)</b>	<b>(4,805,957)</b>	<b>(2,053,380)</b>	<b>(4,800,411)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>5,114,921</b>	<b>9,920,878</b>	<b>5,106,894</b>	<b>9,907,305</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>3,091,576</b>	<b>5,114,921</b>	<b>3,053,514</b>	<b>5,106,894</b>

The accounting policies and notes on pages 185 through 224 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION GRI 2-1

### 1.1 General

Dilmah Ceylon Tea Company PLC ("the Company") is a public limited liability Company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and the principal place of business is situated at No. 111, Negombo Road, Peliyagoda.

### 1.2 Principal Activities and Nature of Operations

The principal activities of the Company are to manufacture, export and sell market tea bags and packets under the brand name "Dilmah".

MJF Beverages (Private) Limited is a private limited liability Company incorporated and domiciled in Sri Lanka and is engaged in manufacture, export, and market tea in the form of liquid tea concentrate and ready to drink tea.

### 1.3 Parent Entity and Ultimate Parent Entity

The Company's parent undertaking is MJF Teas (Private) Limited. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is MJF Holdings (Pvt) Limited, which is incorporated in Sri Lanka.

### 1.4 Date of Authorisation for Issue

The Financial Statements of the Group as at and for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 08 July 2025.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS

(hereafter referred as "SLAS") as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

These consolidated financial statements presented in Sri Lankan Rupees have been prepared on a historical cost basis, except for investment properties, buildings classified as property, plant and equipment, short term investments that have been measured at fair value.

The preparation and presentation of these consolidated financial statements are in compliance with the Companies Act No. 07 of 2007.

### 2.2 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for the following material items in the Statement of Financial Position :

- Fair Value through other comprehensive income investment are measured at fair value.
- Retirement Benefit Obligation at present value of the obligation.

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

### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the Group's functional currency.

### 2.4 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has :

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

The country of incorporation, effective shareholding and principal activities of the subsidiary incorporated in the Financial Statements are as follows;

Name of the subsidiary	Country of incorporation	Effective shareholding	2025	2024
MJF Beverages (Private) Limited	Sri Lanka	100% 100%		

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

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. All intra-group assets, liabilities, equity, income, expenses

# NOTES TO THE FINANCIAL STATEMENTS

and cash flows relating to transactions between members of the Group are eliminated full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity while any resultant gain or loss is recognised in the Consolidated Statement of Profit or Loss.

The Financial Statements of the subsidiary is prepared for the same reporting period as the holding Company. The accounting policies set out below have been applied consistently by the Group entities to all periods presented in the Financial Statements.

## 2.5 Common Control Business Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No new goodwill is recognised as a result of the combination. Net outcome of the net assets acquired and the shares issued is reflected within equity.

## 2.6 Changes in Significant Accounting Policies

Amended standards and interpretations

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective (Refer Note 3)

## 2.7 Comparative Information

The accounting policies have been consistently applied by the Group and, are consistent with those used in the previous year. Previous period figures and notes have been reclassified

wherever necessary to conform to the current year's presentation. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

## 2.8 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## 2.9 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment loss. Such cost includes the cost of replacing part of the property, plant and equipment. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment and the cost can be reliably measured. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All other expenditure is recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets except land, as follows:

Buildings on Leasehold Land	Over the lease period
Plant and Machinery	Over 10 years
Factory Equipment	Over 5 years
Furniture and Fittings	Over 7 years
Office and Stores	Over 5 years
Equipment	
Computer Hardware	Over 3 years
Motor Vehicles	Over 5 years

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. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount being the higher of their fair value less costs to sell and their value in use.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at end of each reporting period. An estimation change in the useful life of fixed asset during the period has occurred and the underlying assumptions considered are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.9.1 Capital Work-in-Progress

Capital work-in-progress is stated at cost, net accumulated impairment losses, if any, which include all costs incurred from the date of acquisition to the date recognition criteria met to consider as property plant and equipment. Capital work-in-progress is transferred to the appropriate category under property, plant and equipment and depreciated over the estimated useful life.

### 2.10 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at its cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit or Loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the

Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### 2.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as finite.

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

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

### Research and Development Costs

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

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

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

A summary of the policies applied to the Group's intangible assets is as follows:

Software	
Useful lives	Finite
Amortisation method	10 years used
Internally generated	Acquired or acquired

### 2.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified

# NOTES TO THE FINANCIAL STATEMENTS

asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considered whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substation right, then the asset is not identified.
- The Group has right to obtain substantially all of the economic benefits of asset throughout the period of use; and
- The Group has right to direct the use of the asset. The Group has this right when it has decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- The Group has right to operate the asset; or
- The Group designated the asset in a way that predetermines how and for what purpose it will be used.

## Group as the Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset is classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease added to the carrying amount of the leased asset and recognised over the lease term on the same basis rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## Group as the Lessee

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

### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment and are in the range of 3 to 36 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and

amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. (refer Note 7).

### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of one year. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

## 2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and are determined as follows:

- Raw Material are valued on a first in first out (FIFO) basis
- Finished Goods are valued at weighted average costs, which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity
- Packing materials are valued at weighted average costs

- Consumables and spares are valued at weighted average costs
- Goods-in-transits are valued at actual costs

Provision for inventory obsolescence is estimated on a systematic basis and deducted from the gross carrying value of the inventory.

Net realisable value is based on the estimated selling price in the ordinary course of business less any further costs expected to be incurred on completion and disposal.

## 2.14 Impairment of Non-Financial Assets

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

## 2.15 Financial Instruments

Initial recognition of Financial Assets and Financial Liabilities

The Group shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

## Measurement of Financial Assets

A financial asset be measured at amortised cost if both of the following conditions are met;

- (a) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value unless it is measured at amortised cost in accordance with above criteria. The Group measures Trade and Other Receivables at amortised cost and fair value through other comprehensive income at Fair value and fair value changes recognised to other comprehensive income.

Fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial essential assets
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding

## Derecognition of financial assets

The Group derecognises a financial asset when and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset as and the transfer qualifies for derecognition.

# NOTES TO THE FINANCIAL STATEMENTS

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial asset is derecognised, impaired or reclassified in accordance and through the amortisation process.

## **Financial Liabilities Recognition**

The Group measured the financial liability at fair value, including the costs of the transaction which can be directly assigned financial liability, when these are designated at their fair value in the profit and loss account.

The Group assessed that the fair value of loans and borrowings, bank overdrafts, and trade and other payables.

The Group has the following non-derivative financial liabilities loans and borrowings, bank overdrafts, and trade and other payables.

## **Financial Liabilities Subsequent measurement**

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss.

## **Derecognition of financial liabilities**

The Group derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when its contractual obligations are discharged or cancelled or expire.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

## **Offsetting of Financial Instruments**

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **Cash and Cash Equivalents**

Cash and Cash Equivalents in the Statement of Financial Position comprise cash on hand and at banks and short-term deposits which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand and at banks and short-term deposits with a maturity of three months or less.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

## **Impairment**

### **Financial Assets**

#### **Impairment- Recognition of expected credit losses**

The Group recognise a loss allowance for expected credit losses on a Trade Receivables to which the impairment requirements apply.

At each reporting date, the Group measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition — whether assessed on an individual or collective basis — considering all reasonable and supportable information, including that which is forward-looking.

## **Simplified approach for trade receivables**

The Group always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of SLFRS 15, and that;

- (i) do not contain a significant financing component (or when the entity applies the practical expedient for contracts that are one year or less) in accordance with SLFRS 15; or
- (ii) contain a significant financing component in accordance with SLFRS 15, if the entity chooses as its accounting policy to measure the loss allowance at an amount equal to lifetime expected credit losses. That accounting policy shall be applied to all such trade receivables or contract assets but may be applied separately to trade receivables and contract assets.

## 2.16 Retirement Benefit Obligations

Defined Benefit Plans - Retirement Gratuity

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983, Minimum retirement age and workers act No.28 of 2021.

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the Statement of Comprehensive Income. The Group is liable to pay gratuity in terms of the relevant statute. The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs. Smiles Global (Private) Limited as at 31 March 2025. The liability is not externally funded. The gratuity liability is not externally funded.

## Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund (“EPF and ETF”)

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively, which are externally funded.

## 2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material,

provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

## 2.18 Revenue from Contracts with Customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue;

- a) Goods transferred at a point in time

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In relation to sales with local customers, this point is generally the delivery of goods, exports also take into account the term related to each shipment of goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

- b) Presentation and disclosure requirements

As required for the financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue

information disclosed for each reportable segment. Refer to Note 29 for the disclosure on disaggregated revenue.

## Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of other non-current assets, are accounted in the Statement of Profit or Loss, after deducting the carrying amount from proceeds on disposal 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.

## Interest Income

Interest Income is recognised as the interest accrues unless collectability is in doubt.

## Dividend Income

Dividend income is recognised when the Group’s right to receive the payments is established.

## Others

Other income is recognised on an accrual basis.

## 2.19 Expenditure Recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning 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 has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the Directors are of the opinion that “function of expenses” method presents fairly the

# NOTES TO THE FINANCIAL STATEMENTS

elements of the Group's performance, and hence such presentation method is adopted.

## Finance Costs

Finance costs comprise interest expense on bank overdrafts. Interest expense is recorded as it accrues using the effective interest method.

## Operating Leases

Operating lease payments are charged to the Statement of Profit or Loss on a straight-line basis over the period of the lease.

## Others

Other expenses are recognised on an accrual basis.

## 2.20 Taxation

### Current Income Tax

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The taxable income is determined according to the provisions of the Inland Revenue Act No 24 of 2017(as amended).

### Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except.

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

Deferred tax assets are recognised for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except :

- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

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

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

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the

underlying transaction either in the Statement of Profit or Loss or Statement of Comprehensive Income.

### Turnover Based Tax

Turnover based tax includes Value Added Tax. The Group pay such tax in accordance with the respective statutes.

## 2.21 Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sell or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

## **2.22 Segment Reporting**

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a Group of related products or services that is subject to risk and returns that are different from those of other business segments. The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting Consolidated Financial Statements of the Group.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Senior Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **2.23 Earnings Per Share**

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

## **2.24 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future.

### **Useful life-time of the Property, Plant, and equipment**

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

### **Impairment of Fair Value of Other Comprehensive Income Investments**

The Group treats equity securities designated at fair value through other comprehensive income/ available for sale as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. The Group treats "significant" generally as 20% or more

and 'prolonged' greater than six (6) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

### **Impairment of Trade Receivables**

The Group assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk for trade receivables the Group applies the simplified approach permitted by SLFRS 9 which requires expected lifetime losses to be recognise from initial recognition of the receivables.

At the reporting date, gross trade receivables of the Group were Rs. 7,463 million (2024 - Rs. 6,750 million) with allowance for impairment of trade receivables amounting to Rs.458 million (2024 – Rs. 648 million) and gross trade receivables of the Company were Rs. 7,378 million (2024 - Rs. 6,696 million) with allowance for impairment of trade receivables amounting to Rs. 450 million (2024 – Rs.647 million).

### **Employee Defined Benefit Plan – Gratuity**

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. Management reviews all assumptions at each reporting date and revised assumptions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2025, based on available information, the management has assessed the existing and anticipated effects current economic conditions on the Group and the appropriateness of the use of the going concern basis. In March 2025, the management evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods to ensure businesses continue as least impacted as possible.

Having presented the outlook to the Board, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going concern basis.

In determining the above significant management judgements, estimates and assumptions the impact of the current economic conditions has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

## 3. EFFECT OF SRI LANKA ACCOUNTING STANDARDS (SLFRS) ISSUED BUT NOT YET EFFECTIVE:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are

disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### 3.1 SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Group financial statement

### 3.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group financial statements.

**4. PROPERTY, PLANT AND EQUIPMENT**

**4.1**

**Group**

<b>Gross Carrying Amounts</b>	<b>Balance As at 01.04.2024</b>				<b>Balance As at 31.03.2025</b>
	<b>Rs. '000</b>	<b>Additions Rs. '000</b>	<b>Transfers Rs. '000</b>	<b>Disposals Rs. '000</b>	
<b>At Cost</b>					
Land	865,294	101,830	-	-	967,124
Buildings on Leasehold Land	68,313	-	-	-	68,313
Buildings	883,328	6,602	47,398	-	937,328
Plant and Machinery	5,627,424	2,112,629	30,010	(3,366)	7,766,697
Factory Equipment	13,026	328	-	-	13,354
Furniture and Fittings	87,527	209,762	758	(4,707)	293,340
Office and Store Equipment	414,123	84,187	219,324	(4,691)	712,943
Computer Hardware	221,741	39,904	-	-	261,645
Motor Vehicle	381,195	1,248	-	(5,864)	376,579
<b>Total Value of Depreciable Assets</b>	<b>8,561,971</b>	<b>2,556,490</b>	<b>297,490</b>	<b>(18,628)</b>	<b>11,397,323</b>
<b>In the Course of Construction</b>					
Capital Work In Progress	366,749	148,335	(297,490)	(45,629)	171,965
	366,749	148,335	(297,490)	(45,629)	171,965
<b>Total Gross Carrying Amount</b>	<b>8,928,720</b>	<b>2,704,825</b>	<b>-</b>	<b>(64,257)</b>	<b>11,569,288</b>

<b>Accumulated Depreciation</b>	<b>Balance As at 01.04.2024</b>				<b>Balance As at 31.03.2025</b>
	<b>Rs. '000</b>	<b>Charge for the year Rs. '000</b>	<b>Disposals Rs. '000</b>	<b>Rs. '000</b>	
<b>At Cost</b>					
Buildings on Leasehold Land	27,819	1,845	-	-	29,664
Buildings	40,258	22,092	-	-	62,350
Plant and Machinery	3,066,995	442,760	(3,266)	-	3,506,489
Factory Equipment	8,718	575	-	-	9,293
Furniture and Fittings	46,975	14,477	(4,705)	-	56,747
Office and Store Equipment	156,424	65,804	(4,683)	-	217,545
Computer Hardware	164,986	36,421	-	-	201,407
Motor Vehicle	215,071	42,806	(5,864)	-	252,013
<b>Total Depreciation</b>	<b>3,727,246</b>	<b>626,780</b>	<b>(18,518)</b>	<b>-</b>	<b>4,335,508</b>

# NOTES TO THE FINANCIAL STATEMENTS

<b>Net Carrying Amounts</b>	<b>2025</b>	<b>2024</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
Land	967,124	865,294
Buildings on Leasehold Land	38,649	40,494
Buildings	874,978	843,070
Plant and Machinery	4,260,208	2,560,429
Factory Equipment	4,061	4,308
Furniture and Fittings	236,593	40,552
Office and Store Equipment	495,398	257,699
Computer Hardware	60,238	56,755
Motor Vehicle	124,566	166,124
	7,061,815	4,834,725
Capital Work In Progress	171,965	366,749
	171,965	366,749
<b>Total Net Carrying Amount</b>	<b>7,233,780</b>	<b>5,201,474</b>

- 4.1.1 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.2,704,823,735/- (2024-Rs.1,009,466,793/-). Cash payments amounting to Rs.1,388,208,433/- (2024 - Rs.1,009,466,793/-) were made during the year for purchase of Property, Plant and Equipment.
- 4.1.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.1,729,500,788/- (2024 - Rs.1,704,761,514/-) and continue to be in used by the Group.
- 4.1.3 The Subsidiary of the Group has entered in to a long-term operating lease agreement with Kahawatte Plantations PLC from 01 January 2006 to 14 June 2045 for the use of a portion of a building situated at Rilhena Estate. Buildings on leasehold land as reflected above represent buildings constructed by the Subsidiary of the Group on the said leased land.
- 4.1.4 Details of Group's land and buildings stated at cost are indicated below:

<b>Land</b>		
<b>Location</b>		<b>Extent</b>
111, 115A, 147, 147 1/1, 147/2, 147/3, 167, 179, 119/4, 127, 133, 149 1/1, Negombo Road, Peliyagoda		314.84 P

Level 3 fair value of the Lands as at 31 March 2025 is estimated to be Rs. 1,134,242,900/- based on a valuation performed by Mr. M.A. Ananda Sarath, Chartered Valuer. The valuation was carried out using a model in line with International Valuation Standards, applying the market approach. The land component was valued based on prevailing market prices of similar properties in the Peliyagoda area, using a rate of Rs. 3,500,000/- per perch.

<b>Buildings</b>		
<b>Location</b>		<b>Number of Buildings</b>
111, Negombo Road, Peliyagoda		01
Rilhena, Palmadulla, Rathnapura		01

**4.2 Company**

Gross Carrying Amounts	Balance As at				Balance As at 31.03.2025 Rs. '000
	01.04.2024	Additions	Transfers	Disposals	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
<b>At Cost</b>					
Land	865,294	101,830	-	-	967,124
Building	883,328	6,602	47,398	-	937,328
Plant and Machinery	5,399,948	2,112,629	30,010	(3,366)	7,539,221
Furniture and Fittings	84,977	209,762	758	(4,707)	290,790
Office and Stores Equipment	415,099	84,170	219,324	(4,691)	713,902
Computer Hardware	221,152	39,904	-	-	261,056
Motor Vehicles	381,199	1,248	-	(5,864)	376,583
<b>Total Value of Depreciable Assets</b>	<b>8,250,997</b>	<b>2,556,145</b>	<b>297,490</b>	<b>(18,628)</b>	<b>11,086,004</b>
 <b>In the Course of Construction</b>					
Capital Work In Progress	366,749	148,335	(297,490)	(45,629)	171,965
	366,749	148,335	(297,490)	(45,629)	171,965
<b>Total Gross Carrying Amount</b>	<b>8,617,746</b>	<b>2,704,480</b>	<b>-</b>	<b>(64,257)</b>	<b>11,257,969</b>

Accumulated Depreciation	Balance As at				Balance As at 31.03.2025 Rs. '000
	01.04.2024	Charge for the year	Disposals	As at	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
<b>At Cost</b>					
Building	40,258	22,092	-	-	62,350
Plant and Machinery	2,891,128	436,963	(3,266)	-	3,324,825
Furniture and Fittings	46,259	14,172	(4,705)	-	55,726
Office and Stores Equipment	155,427	65,579	(4,683)	-	216,323
Computer Hardware	164,396	36,421	-	-	200,817
Motor Vehicles	215,075	42,806	(5,864)	-	252,017
<b>Total Depreciation</b>	<b>3,512,543</b>	<b>618,033</b>	<b>(18,518)</b>	<b>-</b>	<b>4,112,058</b>

# NOTES TO THE FINANCIAL STATEMENTS

<b>Net Carrying Amounts</b>	<b>2025</b>	<b>2024</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
Land	967,124	865,294
Building	874,978	843,070
Plant and Machinery	4,214,396	2,508,820
Furniture and Fittings	235,064	38,718
Office and Stores Equipment	497,579	259,672
Computer Hardware	60,239	56,756
Motor Vehicles	124,566	166,124
	<b>6,973,946</b>	<b>4,738,454</b>
Capital Work In Progress	171,965	366,749
	<b>171,965</b>	<b>366,749</b>
<b>Total Net Carrying Amount</b>	<b>7,145,911</b>	<b>5,105,203</b>

- 4.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.2,704,478,232/- (2024 - Rs.958,215,626/-). Cash payments amounting to Rs.1,387,862,930/- (2024 - Rs.958,215,626/-) were made during the year for purchase of Property, Plant and Equipment.
- 4.2.2 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.1,549,702,563/- (2024 - Rs.1,526,595,285/-) which are still in use.
- 4.2.3 Details of Company's land and buildings stated at cost are indicated below:

<b>Land</b>		
<b>Location</b>		<b>Extent</b>
111, 115A, 147, 147 1/1, 147/2, 147/3, 167, 179, 119/4, 127, 133, 149 1/1, Negombo Road, Peliyagoda		<b>314.84P</b>

Level 3 fair value of the Lands as at 31 March 2025 is estimated to be Rs. 1,134,242,900/- based on a valuation performed by Mr. M.A. Ananda Sarath, Chartered Valuer. The valuation was carried out using a model in line with International Valuation Standards, applying the market approach. The land component was valued based on prevailing market prices of similar properties in the Peliyagoda area, using a rate of Rs. 3,500,000/- per perch.

<b>Buildings</b>		
<b>Location</b>		<b>Number of Buildings</b>
111, Negombo Road, Peliyagoda		<b>01</b>

## 5. INVESTMENT PROPERTY

Group/Company

Gross Carrying Amounts	Balance As at 01.04.2024			Balance As at 31.03.2025	
	Rs. '000	Additions Rs. '000	Disposals Rs. '000	Rs. '000	Rs. '000
<b>At Cost</b>					
Land	234,064	-	-	-	234,064
Building	427,802	26,335	-	-	454,137
Total Value of Investment Property	661,866	26,335	-	-	688,201
<b>Total Gross Carrying Amount</b>	<b>661,866</b>	<b>26,335</b>	<b>-</b>	<b>-</b>	<b>688,201</b>
 <b>Accumulated Depreciation</b>					
	Balance As at 01.04.2024	Charge for the year Rs. '000	Disposals Rs. '000	Balance As at 31.03.2025	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>At Cost</b>					
Building	44,438	10,699	-	-	55,137
<b>Total Depreciation</b>	<b>44,438</b>	<b>10,699</b>	<b>-</b>	<b>-</b>	<b>55,137</b>
 <b>Net Carrying Amounts</b>					
	2025		2024		
	Rs.'000		Rs.'000		
Land	234,064		234,064		
Building	399,000		383,364		
	633,064		617,428		
<b>Total Net Carrying Amount</b>	<b>633,064</b>		<b>617,428</b>		

**5.1** Investment Property of the Group/Company relates to land acquired by the Company in February 2012. The land with an extent of 2 Acres, 3 Roods and 23 Perches together with a building is situated at No 480, Handala, Wattala.

**5.2** Level 3 fair value of the Investment Property as at 31 March 2025 is estimated to be Rs.1,244,000,000/- (2024 – Rs.694,500,000/-), based on a valuation performed by Mr. M.A. Ananda Sarath, Chartered Valuer. The valuation was carried out using a model in line with International Valuation Standards, applying the market and cost approaches. The land component was valued based on prevailing market prices of similar properties in the Hendala area, using a rate of Rs.1,750,000/- per perch (2024 – Rs.1,500,000/-). The building included in the investment property has been valued at Rs.468,000,000/- (2024 – Rs.427,801,692/-), based on replacement cost

**5.3** The Group/Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct, or develop investment properties or for repairs, maintenance and enhancements.

**5.4** The Group/Company has generated income during the year amounting to Rs. 8,983,375/- (2024 - Rs. 35,018,437/-). The operational expenses of the property had been limited to brokerage charges and general maintenance expenses amounting to Rs. 3,908,858/- (2024 - Rs. 4,034,829/-) for the year.

# NOTES TO THE FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS

Group/Company

Computer Software	2025 Rs. '000	2024 Rs. '000
At Cost		
As at 1 April	719,842	696,046
Acquired during the year	28,131	23,796
Work in Progress	17,107	-
As at 31 March	765,080	719,842
Amortisation		
As at 1 April	590,837	563,386
Amortisation for the year	35,890	27,451
As at 31 March	626,727	590,837
Net Book Value	138,353	129,005

- 6.1** During the financial year, the Group/Company acquired Intangible Assets to the aggregate value of Rs.45,238,531/- (2024 - Rs.23,795,789/-). Cash payments amounting to Rs.45,238,531/- (2024- Rs.23,795,789/-) were made by the Group/Company during the year for purchase of Intangible Assets.

## 7. SLFRS 16 - LEASES

### 7.1 Right of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Group's incremental borrowing rate) adjusted for any lease payments made at or before the initial application date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the initial application date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Group is as follows:

#### 7.1.1 Group

At Gross Value	Balance As at		Advance Payment for Leases Rs. '000	Balance As at 31.03.2025 Rs. '000
	01.04.2024	Additions Rs. '000		
	Rs. '000	Rs. '000		
Land	789,341	-	-	789,341
Buildings and installations	384,795	-	-	384,795
	1,174,136	-	-	1,174,136

Depreciation	Balance As at		De-Recognition Rs. '000	Balance As at 31.03.2025 Rs. '000
	01.04.2024	Charge for the year Rs. '000		
	Rs. '000	Rs. '000		
Land	100,113	19,934	-	120,047
Buildings and Installations	48,891	9,871	-	58,762
	149,004	29,805	-	178,809

### 7.1.1 Group (Contd.)

Net book values	2025 Rs. '000	2024 Rs. '000
Land	669,294	689,228
Buildings and Installations	326,033	335,904
	995,327	1,025,132

### 7.1.2 Company

At Gross Value	Balance As at 01.04.2024	Additions Rs. '000	Advance Payment for Leases Rs. '000	Balance As at 31.03.2025
	Rs. '000			Rs. '000
				Rs. '000
Land	789,341	-	-	789,341
Buildings and Installations	372,824	-	-	372,824
	1,162,165	-	-	1,162,165

Depreciation	Balance As at 01.04.2024	Charge for the year Rs. '000	De- Recognition Rs. '000	Balance As at 31.03.2025
	Rs. '000			Rs. '000
Land	99,671	19,934	-	119,605
Buildings and Installations	47,076	9,416	-	56,492
	146,747	29,350	-	176,097

Net book values	2025 Rs. '000	2024 Rs. '000
Land	669,736	689,670
Buildings and Installations	316,332	325,748
	986,068	1,015,418

### 7.2 Lease Liability/Lease Creditor

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Group's incremental borrowing rate. The movement of Lease creditor for the period is as follows:

#### 7.2.1 Group

	Balance As at 01.04.2024	Additions Rs. '000	Accretion of Interest Rs. '000	Repayment During the Year Rs. '000	Balance As at 31.03.2025
	Rs. '000				Rs. '000
Land	826,636	-	99,818	(112,641)	813,813
Buildings and installations	399,458	-	48,523	(57,120)	390,861
	1,226,094	-	148,341	(169,761)	1,204,674

# NOTES TO THE FINANCIAL STATEMENTS

	Amount repayable within 1 year Rs. '000	Amount repayable after 1 year Rs. '000	Total Rs. '000
Lease Liability/Lease Creditor	64,511	1,140,163	1,204,674
	64,511	1,140,163	1,204,674

## 7.2.2 Company

	Balance As at 01.04.2024 Rs. '000	Additions Rs. '000	Accretion of Interest Rs. '000	Repayment During the Year Rs. '000	Balance As at 31.03.2025 Rs. '000
Land	826,636	-	99,818	(112,641)	813,813
Buildings and installations	388,074	-	47,148	(55,620)	379,602
	1,214,710	-	146,966	(168,261)	1,193,415

	Amount repayable within 1 year Rs. '000	Amount repayable after 1 year Rs. '000	Total Rs. '000
Lease Liability/Lease Creditor	63,824	1,129,591	1,193,415
	63,824	1,129,591	1,193,415

## 7.2.3 Maturity analysis of lease liability as follows,

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
<b>Payable within one year</b>				
Gross liability	140,801	139,421	139,301	137,921
Finance cost allocated to future periods	(76,290)	(67,441)	(75,477)	(66,715)
Net liability transferred to current liabilities	64,511	71,980	63,824	71,206
<b>Payable within two to five years</b>				
Gross liability	577,272	571,616	571,272	565,616
Finance cost allocated to future periods	(379,578)	(351,032)	(375,636)	(347,351)
Net liability	197,694	220,584	195,636	218,265
<b>Payable after five years</b>				
Gross liability	4,920,226	5,066,683	4,897,351	5,042,308
Finance cost allocated to future periods	(3,977,757)	(4,133,153)	(3,963,396)	(4,117,069)
Net liability	942,469	933,530	933,955	925,239
Net liability payable after one year	1,140,163	1,154,114	1,129,591	1,143,504

## 8. OTHER NON-CURRENT FINANCIAL ASSETS

Group/Company

		2025 Rs. '000	2024 Rs. '000
Investment in Subsidiary		-	-
Equity Securities designated as FVOCI	- Quoted Investments	294,958	213,735
	- Unquoted Investments	5,860	11,702
		300,818	225,437

### 8.1 Investment in Subsidiary

Non-quoted	Holding %		Company	
	2025	2024	2025 Rs.'000	2024 Rs.'000
MJF Beverages (Private) Limited	100%	100%	300,750	300,750
Provision for Impairment of Investment in Subsidiary			(300,750)	(300,750)

8.2 An impairment assessment on investment in MJF Beverages (Private) Limited were carried out by the Board of Directors as the carrying value of the investment exceeds the net assets attributable to the Subsidiary as at 31 March 2025. The investment has been fully provided for as at 31 March 2025.

### 8.3 Group/Company

	Quoted Investments		Unquoted Investments		Total	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Equity Securities designated as FVOCI						
At the beginning of the year	213,735	259,103	11,702	11,702	225,437	270,805
Gain/(Loss) on Change in Fair Value	81,223	(45,368)	(5,842)	-	75,381	(45,368)
Disposals	-	-	-	-	-	-
At the end of the year	294,958	213,735	5,860	11,702	300,818	225,437

### 8.4 Quoted Investments

	No. of Shares		Company	
	2025	2024	2025 Rs.'000	2024 Rs.'000
Kahawatte Plantation PLC	12,571,800	12,571,800	286,637	207,435
Renuka City Hotels PLC	17,500	17,500	8,321	6,300
			294,958	213,735

The Group/Company mainly holds a non-controlling interest of 15.74% (2024 - 15.74%) in Kahawatte Plantations PLC. The fair value of quoted equity shares is determined by reference to published prices on the Colombo Stock Exchange.

# NOTES TO THE FINANCIAL STATEMENTS

## 8.5 Unquoted Investments

	No. of Shares	Company	
		2025	2024
		Rs.'000	Rs.'000
Rainforest Ecolodge (Private) Limited	2,500,000	2,500,000	5,860
			11,702
		5,860	11,702

The Group/Company holds a non-controlling interest of 5.25% (2024 - 5.25%) in Rainforest Ecolodge (Private) Limited – a Resort Company incorporated in Sri Lanka.

The fair value of unquoted investment in Rainforest Ecolodge (Private) Limited has been estimated considering the fair value of net assets held by Rainforest Ecolodge (Private) Limited as at 31 March 2025 and potential returns expected through its future operations.

## 9. INVENTORIES

	Group	Company	
		2025	2024
		Rs.'000	Rs.'000
Raw Materials	1,637,833	1,244,169	1,633,080
Packing Materials	600,919	623,157	570,095
Finished Goods	314,267	311,300	298,259
Consumables and Spares	682,893	576,026	677,929
	3,235,912	2,754,652	3,179,363
			2,690,191

## 10. TRADE AND OTHER RECEIVABLES

	Group	Company	
		2025	2024
		Rs.'000	Rs.'000
Trade Debtors	- Related Party (Note 10.1)	1,892,836	1,877,446
	- Others	5,570,192	4,872,753
		7,463,028	6,750,199
	Less: Provision for Bad and Doubtful Debts (10.2)	(458,286)	(648,456)
		7,004,742	6,101,743
			6,927,956
			6,049,304
Other Receivables - Related Party (Note 10.3)		46,482	47,635
	- Other	129,530	101,215
		7,180,754	6,250,593
			7,098,803
			6,195,296

### 10.1 Trade Receivables - Related Party

	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dilmah Australia (Pty) Limited	Fellow Subsidiary	1,479,247	1,476,863	1,466,138	1,471,199
Dilmah Europe B.V (MJF Group Europe Holding B.V)	Fellow Subsidiary	345,385	370,319	338,257	363,110
M.J.F. Exports (Private) Limited	Fellow Subsidiary	40,070	9,385	39,665	-
MJF Exports Limited - Coimbatore	Fellow Subsidiary	20,601	20,620	20,601	20,620
Kahawatte Plantations PLC	Fellow Subsidiary	773	259	622	259
Print Care PLC	Fellow Subsidiary	89	-	89	-
Tea Trails (Pvt) Ltd	Fellow Subsidiary	2,519	-	2,519	-
Cape Weligama (Pvt) Ltd	Fellow Subsidiary	1,293	-	1,293	-
Resplendent Ceylon (Pvt) Ltd	Fellow Subsidiary	720	-	714	-
Forbes & Walker Fine Foods (Private) Limited	Fellow Subsidiary	32	-	-	-
MJF Charitable Foundation	Fellow Subsidiary	922	-	922	-
PCL Solutions (Pvt) Ltd	Fellow Subsidiary	151	-	151	-
Forbes & Walker Warehousing (Pvt) Ltd	Fellow Subsidiary	568	-	568	-
MJF Tea Garden (Pvt) Ltd	Fellow Subsidiary	281	-	281	-
Ceylon Tea Farmers (Pvt) Ltd	Fellow Subsidiary	185	-	185	-
		1,892,836	1,877,446	1,872,005	1,855,188

### 10.2 Movement of Provisions for Bad and Doubtful Debts

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 01 April	648,456	359,664	647,501	355,033
Impairment Reversal/Settlement on Trade Receivables	(219,206)	(43,344)	(219,206)	(39,053)
Impairment Provision on Trade Receivables	38,528	361,635	32,383	360,680
Exchange Loss/(Gain) on impairment on Trade Receivables	(9,492)	(29,499)	(9,730)	(29,159)
As at 31 March	458,286	648,456	450,948	647,501

### 10.3 Other Receivables - Related Party

	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
MJF Exports Ltd - Coimbatore	Fellow Subsidiary	46,482	46,528	46,482	46,528
Printcare Universal (Private) Limited	Fellow Subsidiary	-	1,107	-	1,107
		46,482	47,635	46,482	47,635

# NOTES TO THE FINANCIAL STATEMENTS

## 10.4 Trade Receivable - Age Analysis

	Total	Neither Past due nor Impaired	0-60 days	61-90 days	91-120 days	121-360 days	Past due but not impaired
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Group</b>							
At 31 March 25	7,463,028	6,045,602	704,270	137,960	75,942	78,233	421,021
At 31 March 24	6,750,199	4,989,292	780,468	209,512	31,790	420,826	318,311
<b>Company</b>							
At 31 March 25	7,378,904	6,000,713	690,079	135,063	66,321	74,504	412,224
At 31 March 24	6,696,805	4,964,509	766,131	208,418	31,790	409,159	316,798

## 11. ADVANCES & PREPAYMENTS

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Advances	1,235,223	2,147,654	1,195,521	2,137,387
Prepayments	66,837	66,444	60,233	61,919
	1,302,060	2,214,098	1,255,754	2,199,306

2023/24 - Advances includes payments made to purchase new Tea bagging machines.

## 12 AMOUNTS DUE FROM RELATED PARTY

Company	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
MJF Beverages (Private) Limited	Subsidiary	-	-	145,235	90,394
During the year transactions		-	-	36,540	54,841
				181,775	145,235

12.1 PCL Solutions (Pvt) Ltd	Affiliate	-	23,273	-	23,273
The Ceylon Spice Co (Pvt) Ltd	Affiliate	20,834	-	20,834	-
Dilmah Ceylon Cinnamon Co. (Pvt) Ltd	Affiliate	3,323	-	3,323	-
		24,157	23,273	24,157	23,273
		24,157	23,273	205,932	168,508

## 13. OTHER CURRENT FINANCIAL ASSETS

Group/Company	2025		2024	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fixed Deposits		4,729,611		3,445,999
Green Bond - DFCC Bank		34,450		-
		4,764,061		3,445,999

During the year the Company has invested Rs. 34.5 million in a Green Bond issued by DFCC Bank PLC, classified as a debt instrument measured at amortised cost in accordance with SLFRS 9. The bond carries a fixed interest rate of 12% and matures on 24th September 2027. It is held within a business model to collect contractual cash flows representing solely payments of principal and interest

#### **14. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the Statement of Cash Flows include the following Statement of Financial Position amounts:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
<b>Favourable Cash and Cash Equivalents Balances</b>				
Cash on Hand	1,523	2,049	1,241	1,771
Bank Balances	1,493,618	1,729,172	1,455,838	1,721,423
Short-term Deposits	1,596,435	3,383,700	1,596,435	3,383,700
	3,091,576	5,114,921	3,053,514	5,106,894

#### **15. STATED CAPITAL**

	Group/ Company			
	2025		2024	
	Number	Rs.'000	Number	Rs.'000
Fully Paid Ordinary Shares	20,737,500	642,500	20,737,500	642,500
	20,737,500	642,500	20,737,500	642,500

#### **16. RETIREMENT BENEFIT OBLIGATION**

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
As at 1 April	447,758	300,393	441,783	296,441
Current Service Cost	41,218	33,428	40,645	32,894
Interest Cost	54,632	60,039	53,898	59,288
Adjustment due to Employee transfer into the Company	55,288	-	55,288	-
Actuarial (Gain)/Loss	41,873	75,869	42,520	74,822
Benefits Paid	(42,861)	(21,971)	(42,861)	(21,662)
As at 31 March	597,908	447,758	591,273	441,783

The employee retirement benefit liability of the Group/Company is based on the actuarial valuation carried out by Smiles Global (Private) Limited (2024 - Smiles Global (Private) Limited), Independent actuarial specialists as at 31 March 2025.

During the year, recognised an increase of Rs. 55.2 million in its retirement benefit obligation, arising from the transfer of employees previously engaged in the local sales function, which was restructured and brought under the Company.

The principal assumptions used are as follows:

	Group/ Company	
	2025	2024
Discount Rate	11%	12%
Future Salary Increment rate	10%	12%
Expected future working life time	5 - 6 Years	5 - 6 Years

# NOTES TO THE FINANCIAL STATEMENTS

Sensitivity of Principal Assumptions used

A one percentage change in the assumptions would have the following effects:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
<b>Discount Rate</b>				
1% increase	(18,598)	(15,283)	(18,078)	(14,849)
1% decrease	20,322	16,790	19,729	16,298
<b>Salary Increment Rate</b>				
1% increase	23,121	18,804	22,493	18,286
1% decrease	(21,577)	(17,451)	(21,019)	(16,988)

The following are the expected payments or contributions to the defined benefit plan in future years:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Within the next 12 months (next annual reporting period)	183,432	121,718	183,432	121,718
Between 1 and 2 years	55,846	64,583	55,846	64,583
Between 2 and 5 years	102,784	50,921	102,784	50,921
Between 5 and 10 years	254,486	210,092	249,211	204,561
Beyond 10 years	1,360	444	-	-
Total expected payments	597,908	447,758	591,273	441,783

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade Payables - Related Party (Note 17.1)	250,531	186,312	250,531	186,312
- Other	1,193,502	810,430	1,156,552	789,694
	1,444,033	996,742	1,407,083	976,006
Other Payable	88,692	89,438	88,546	89,333
	1,532,725	1,086,180	1,495,629	1,065,339

### 17.1 Trade Payables - Related Party

	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dilmah Australia Pty Limited	Fellow Subsidiary	-	28,163	-	28,163
Dilmah SEA (Pte) Limited	Fellow Subsidiary	12,627	3,665	12,627	3,665
Forbes and Walker Tea Brokers (Pvt) Limited	Fellow Subsidiary	60,283	27,594	60,283	27,594
Forbes & Walker Warehousing (Pvt) Ltd	Fellow Subsidiary	446	45	446	45
Kahawatte Plantation PLC	Fellow Subsidiary	282	714	282	714
MJF Group Europe Holding BV	Fellow Subsidiary	4,882	280	4,882	280
Printcare Universal (Pvt) Limited	Affiliate Company	39,579	40,656	39,579	40,656

	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Packages Lanka (Pvt) Limited	Affiliate Company	15,349	15,746	15,349	15,746
Printcare Digital Solution (Pvt) Ltd	Fellow Subsidiary	1,177	135	1,177	135
Print Care PLC	Affiliate Company	79,395	56,324	79,395	56,324
Timber Concepts (Pvt) Limited	Fellow Subsidiary	36,511	12,990	36,511	12,990
		250,531	186,312	250,531	186,312

#### 18. PROVISIONS & ACCRUED EXPENSES

	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Other Payables		1,343,240	1,081,449	1,339,041	1,080,032
Accrued Expenses & Provisions		351,848	330,028	339,847	324,935
		1,695,088	1,411,477	1,678,888	1,404,967

#### 19. MATURITY ANALYSIS

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2025, based on contractual discounted (principal plus interest) payments.

In Rs'000s	Between							Total Over 1 year
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
<b>Group</b>								
Lease Liabilities	64,511	57,817	51,816	46,440	41,621	942,470		1,140,164
Trade and other payables	1,282,194	-	-	-	-	-		-
Amount due to related parties	250,531	-	-	-	-	-		-
<b>Total</b>	<b>1,597,236</b>	<b>57,817</b>	<b>51,816</b>	<b>46,440</b>	<b>41,621</b>	<b>942,470</b>		<b>1,140,164</b>
<b>Company</b>								
Lease Liabilities	63,824	57,206	51,275	45,960	41,195	933,956		1,129,592
Trade and other payables	1,245,099	-	-	-	-	-		-
Amount due to related parties	250,531	-	-	-	-	-		-
<b>Total</b>	<b>1,559,454</b>	<b>57,206</b>	<b>51,275</b>	<b>45,960</b>	<b>41,195</b>	<b>933,956</b>		<b>1,129,592</b>

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2024, based on contractual discounted (principal plus interest) payments.

In Rs'000s	Between							Total Over 1 year
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
<b>Group</b>								
Lease Liabilities	71,980	64,511	57,817	51,816	46,440	933,530		1,154,114
Trade and other payables	899,866	-	-	-	-	-		-
Amount due to related parties	186,313	-	-	-	-	-		-
<b>Total</b>	<b>1,158,159</b>	<b>64,511</b>	<b>57,817</b>	<b>51,816</b>	<b>46,440</b>	<b>933,530</b>		<b>1,154,114</b>

# NOTES TO THE FINANCIAL STATEMENTS

In Rs'000s	Between							Total Over 1 year
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
<b>Company</b>								
Lease Liabilities	71,206	63,824	57,206	51,275	45,960	925,239		1,143,504
Trade and other payables	879,026	-	-	-	-	-		-
Amount due to related parties	186,313	-	-	-	-	-		-
<b>Total</b>	<b>1,136,545</b>	<b>63,824</b>	<b>57,206</b>	<b>51,275</b>	<b>45,960</b>	<b>925,239</b>		<b>1,143,504</b>

## 20. REVENUE FROM CONTRACTS WITH CUSTOMERS

		Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Export Sales	- Related Party (Note 20.1)	3,578,667	3,708,958	3,552,122	3,687,429
	- Other	16,031,383	14,768,638	15,888,322	14,662,529
		19,610,050	18,477,596	19,440,444	18,349,958
Local Sales		1,547,864	19,754	1,547,864	-
		21,157,914	18,497,350	20,988,308	18,349,958

During the year ended 31 March 2025, the local sales segment previously operated under MJF Exports (Pvt) Ltd was transferred to Dilmah Ceylon Tea Company PLC. Revenue from local sales for the year amounted to Rs. 1,547 million.

### 20.1 Export Sales - Related Party

	Relationship	Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Dilmah Australia PTY Ltd	Fellow Subsidiary	3,542,041	3,546,833	3,515,496	3,527,533
Dilmah Europe B.V (MJF Group Europe Holding B.V)	Fellow Subsidiary	36,626	162,125	36,626	159,896
		3,578,667	3,708,958	3,552,122	3,687,429

All sales related to export sales are Tea and Value Added Tea sold across the Globe under the brand name Dilmah. Contract Assets arising from Revenue from Contracts from Customers only include Trade and Other Receivables, Refer Note No. 10

## 21. OTHER INCOME

		Group		Company	
		2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Profit on Disposal of Property, Plant and Equipment		10,684	14,874	10,684	14,874
Income on Hire of Vehicles		4,065	7,197	4,065	7,197
Dividend from Equity Securities		40	45	40	45
Income Rent		8,983	35,018	8,983	35,018
Sundry Income		8,042	17,364	8,019	9,403
Service Fees		2,192	2,482	2,192	2,482
		34,006	76,980	33,983	69,019

**22. EXCHANGE GAIN**

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Exchange Gain/(Loss) for the Year	442,441	(519,857)	440,325	(518,816)
Exchange Gain/(Loss) on Impairment of Trade Receivable	9,492	29,499	9,730	29,159
	451,933	(490,358)	450,055	(489,657)

**23. FINANCE COSTS**

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest Expense on Short Term Loans	-	37,893	-	37,893
Interest Expense on Lease Liability	148,341	147,252	146,966	145,864
	148,341	185,145	146,966	183,757

**24. FINANCE INCOME**

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Interest on Deposits and Saving Accounts	341,887	668,202	341,849	668,184
Interest on REPO Deposits/Others	10,796	133,924	10,796	133,924
	352,683	802,126	352,645	802,108

**25. PROFIT BEFORE TAX**

Profit before tax is stated after charging all expenses including the following:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
<b>Included in Cost of Sales:</b>				
Consumption of Tea and Packing Material	11,402,759	9,420,787	11,323,003	9,348,903
Employee Benefits including the following;	966,177	839,903	927,032	806,656
- Defined Benefit Plan Costs - Gratuity	1,307	1,284	-	-
- Defined Contribution Plan Costs - EPF and ETF	72,194	61,817	69,669	59,648
Depreciation	514,949	416,463	506,731	410,913
<b>Included in Administrative Expenses:</b>				
Employee Benefits including the following;	1,210,721	1,161,921	1,210,721	1,161,921
- Defined Benefit Plan Costs - Gratuity	89,099	93,514	89,099	93,514
- Defined Contribution Plan Costs - EPF and ETF	69,969	63,218	69,969	63,218
Directors' Fee and Emoluments	249,947	273,961	249,947	273,961
Donations	191,875	204,069	190,460	202,054
Amortisation of Intangible Assets	35,890	27,451	35,890	27,451
Depreciation	122,530	92,454	122,001	91,951
Impairment Loss on Trade Receivables	38,528	361,635	32,383	360,680
Auditors Remuneration	1,897	1,591	1,748	1,461
Other Audit Fees	1,288	1,281	1,288	1,281
<b>Included in Selling and Distribution Costs:</b>				
Export & Local Promotion	2,812,867	2,072,633	2,812,867	2,072,633

# NOTES TO THE FINANCIAL STATEMENTS

## 26. INCOME TAX EXPENSE

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

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
<b>Statement of Profit or Loss</b>				
Current Income Tax				
Current Income Tax Expense	10,526	563,264	6,426	558,354
Provision for prior year Tax Assessments	451,388	-	451,388	-
	461,914	563,264	457,814	558,354
<b>Deferred Income Tax</b>				
Deferred Taxation Charge (Reversed)	501,502	41,239	502,230	40,373
Income Tax Expense recognised in Statement of Profit or Loss	963,416	604,503	960,044	598,727
<b>Statement of Other Comprehensive Income</b>				
Deferred Tax attributable to re-measurement Gain on Employee	(12,562)	(22,761)	(12,756)	(22,446)
Defined Benefit Liabilities				
Deferred Tax Charge recognised in Statement of Other Comprehensive Income	(12,562)	(22,761)	(12,756)	(22,446)

### 26.1 Reconciliation between Current Tax Expense and the product of Accounting Profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 March are as follows:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Profit before Tax	1,689,245	1,366,895	1,679,207	1,350,975
Intra Group Eliminations	-	14	-	-
Adjusted accounting profit/(loss) chargeable to Income Tax	1,689,245	1,366,909	1,679,207	1,350,975
Disallowable Expenses	1,275,639	2,092,980	1,256,968	2,079,490
Allowable Expenses	(3,207,343)	(905,126)	(3,194,753)	(892,071)
Allowable Income	(106,599)	(817,532)	(103,629)	(15,379)
Investment Income	(881,193)	140,317	(881,183)	(802,153)
(Group Utilisation) / Un-utilisation of tax losses	1,243,908	-	-	-
Business Income / (Loss)	13,657	1,877,548	(1,243,390)	1,720,862
Investment Income	884,136	802,163	881,183	802,153
Non Taxable Investment Income	(862,706)	(661,836)	(859,763)	(661,836)
Taxable Investment Income	21,430	140,317	21,420	140,317
Taxable Income	35,087	1,877,548	21,420	1,861,179
Income tax charged at				
Standard rate 30%	10,526	563,264	6,426	558,354
Current Tax charge	10,526	563,264	6,426	558,354

### 26.1 Reconciliation between Current Tax Expense and the product of Accounting Profit (Contd.)

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Reconciliation between Current Tax Expense and the product of Accounting Profit				
Accounting profit/(loss) chargeable to Income Tax	1,689,245	1,366,895	1,679,207	1,350,975
Tax effect on chargeable profits/losses	506,774	410,070	503,762	405,293
Tax effect on non deductible expenses	382,692	627,895	377,090	623,848
Tax effect on deduction claimed	(962,203)	(271,537)	(958,426)	(267,622)
Tax effect of non taxable income	(31,980)	(245,259)	(31,089)	(245,260)
Tax effect on Investment Income	6,429	42,095	6,426	42,095
Tax effect on (Utilisation) / Un-utilisation of Tax losses	108,814	-	108,663	-
Net tax effect of deferred tax for prior years	501,502	41,239	502,230	40,373
Provision for prior year Tax Assessments	451,388	-	451,388	-
	963,416	604,503	960,044	598,727

### 26.2 Income Tax (Receivable) / Payable

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	542,356	943,031	549,978	939,891
Current Income Tax Expense	10,526	563,264	6,426	558,354
Provision of Current Income Tax in respect of prior years	(34,358)	(147)	(34,358)	-
Income tax paid / Set off	(518,076)	(963,792)	(515,620)	(948,267)
Provision for prior year Tax Assessments	485,746	-	485,746	-
At the end of the year	486,194	542,356	492,172	549,978
Income tax Payable	486,194	542,356	492,172	549,978

### 26.3 Tax Losses

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
At the beginning of the year	-	-	-	-
Adjustment for tax losses brought forward	-	-	-	-
Loss incurred during the year	1,243,390	-	1,243,390	-
Loss set-off for the current year	-	-	-	-
At the end of the year	1,243,390	-	1,243,390	-

# NOTES TO THE FINANCIAL STATEMENTS

## 26.4 Deferred Tax Liability

Group	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
<b>Deferred Tax Liability</b>						
Accelerated Depreciation for Tax Purposes	631,904	437,572	194,332	59,339	-	-
Unrealised Exchange Gain	177,014		177,014			
<b>Deferred Tax Assets</b>						
Unclaimed Right of Use Asset Rentals	(23,910)	(59,975)	35,465	(12,800)	-	-
Defined Benefit Plans	(179,372)	(134,327)	(32,483)	(21,448)	(12,562)	(22,761)
Provision for Doubtful Debt	(137,486)	(194,537)	57,051	(88,027)	-	-
Provision for Slow Moving Inventory	(1,994)	(8,714)	6,719	(6,719)	-	-
Unrealised Exchange Loss	(14)	(63,004)	62,991	110,894	-	-
<b>Deferred Income Tax Charge</b>						
Net Deferred Tax Liability/ (Asset)	466,142	(22,985)	501,089	41,239	(12,562)	(22,761)

## 26.5

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
<b>Deferred Tax Liability</b>						
Accelerated Depreciation for Tax Purposes	615,244	421,550	193,694	57,337	-	-
Unrealised Exchange Gain	177,014		177,014			
<b>Deferred Tax Assets</b>						
Unclaimed Right of Use Asset Rentals	(23,910)	(59,788)	35,878	(13,197)	-	-
Defined Benefit Plans	(177,382)	(132,535)	(32,091)	(21,156)	(12,756)	(22,446)
Provision for Doubtful Debt	(135,284)	(194,250)	58,966	(87,740)	-	-
Provision for Slow Moving Inventory	(1,994)	(8,714)	6,719	(6,719)	-	-
Unrealised Exchange Loss		(62,050)	62,050	111,848	-	-
<b>Deferred Income Tax Charge</b>						
Net Deferred Tax Liability/ (Asset)	453,688	(35,787)	502,230	40,373	(12,756)	(22,446)

**26.6** Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax (Assets) / Liability has been computed taking into consideration the effective tax rate which is 30% (2024 – 30%) for the Group/Company.

**26.7** The Group/Company has unutilised tax losses of Rs. 1.2 billion as at the reporting date. No deferred tax asset has been recognised in respect of these losses because it is not probable that sufficient taxable profits will be available against which the losses can be utilised

## **27. EARNINGS PER SHARE**

The calculation of earnings per ordinary share is based on the profit after taxation over the weighted average number of ordinary shares in issue during the year.

Given below is the computation of earning per share:

	Group	
	2025 Rs.'000	2024 Rs.'000
<b>Amount Used as the Numerator:</b>		
Profit for the year	725,829	762,392

	Number Rs.'000	Number Rs.'000
<b>Number of Ordinary Shares Used as the Denominator:</b>		
Weighted Average Number of Ordinary Shares *	20,738	20,738
Earnings per Share (Rs.)*	35.00	36.76

Given below is the computation of earning per share:

	Company	
	2025 Rs.'000	2024 Rs.'000
<b>Amount Used as the Numerator:</b>		
Profit for the year	719,164	752,248

	Number Rs.'000	Number Rs.'000
<b>Number of Ordinary Shares Used as the Denominator:</b>		
Weighted Average Number of Ordinary Shares *	20,738	20,738
Earning per Share (Rs.)*	34.68	36.27

## **28. DIVIDEND PER SHARE**

Group/Company

	2025 Rs.'000	2024 Rs.'000
<b>Dividend paid on Ordinary Shares during the year</b>		
2nd Interim Dividend for 2023	Rs. 25/- per share	- 518,438
Final Dividend for 2023	Rs. 15/- per share	- 311,062
1st Interim Dividend for 2024	Rs. 10/- per share	- 207,375
Final Dividend for 2024	Rs. 8/- per share	165,900 1,036,875
Dividend per Share (Rs.)*	8.00	50.00

\*Dividend per share is calculated by considering the dividend paid for the year divided by the number of shares in issue which ranked for those divided.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. SEGMENTAL INFORMATION

The Group does not have separately distinguishable components within the enterprise that is engaged in providing individual products or services or a Group of related products or services that is subject to risk and returns that are different from those of other business segments.

For management purposes, the Group monitors the sales and the costs associated with the different product types offered in evaluating the profitability of the same as follows;

### 29.1 Business Segment - Group

	Tea Bags		Tea Packets		RTD		Other*		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	17,458,993	15,792,683	3,344,412	2,383,867	206,051	147,392	148,458	173,408	21,157,914	18,497,350
Cost of Sales	(10,592,117)	(9,204,173)	(2,604,403)	(1,766,451)	(171,276)	(129,403)	(126,753)	(148,772)	(13,494,549)	(11,248,799)
Segment Gross Profit	6,866,876	6,588,510	740,009	617,416	34,775	17,989	21,705	24,636	7,663,365	7,248,551

### 29.2 Business Segment - Company

	Tea Bags		Tea Packets		RTD		Other*		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	17,458,993	15,792,683	3,344,412	2,383,867	36,445	-	148,458	173,408	20,988,308	18,349,958
Cost of Sales	(10,592,117)	(9,204,173)	(2,604,403)	(1,766,451)	(25,738)	-	(126,753)	(148,772)	(13,349,011)	(11,119,396)
Segment Gross Profit	6,866,876	6,588,510	740,009	617,416	10,707	-	21,705	24,636	7,639,297	7,230,562

\*Other Sales include Bulk Tea and Other Value Added Teas.

Management considers that there is no suitable basis for allocating assets, related liabilities and operating expenses to business segments. Accordingly, segment assets, segment liabilities, segment operating expenses and other segment information by business segment is not disclosed.

## 30. CONTINGENCIES AND COMMITMENTS

As at reporting date, the Group and Company has following commitments and contingencies arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

### **30.1 Capital Expenditure Commitments**

Group/Company

	Group/Company	
	2025 Rs.'000	2024 Rs.'000
Estimated capital expenditure contracted but not provided for;		
Tea Bagging Machines	20,644	165,012
	<b>20,644</b>	<b>165,012</b>

### **30.2 Contingencies**

There are no Contingencies as at the reporting date.

**30.3** The Department of Inland Revenue has issued Income Tax assessments for Y/A 2018/19, 2019/20, 2020/21 and 2021/22 disallowing advertising and export promotional expenses incurred overseas. In addition, a Surcharge Tax Assessment has been issued for Y/A 2020/21. The company has lodged appeals against these assessments which are currently pending before the Court of Appeal and the Taxation Appeals Commission. The total assessed tax liability including penalties and interest currently under appeal amounts to approximately Rs. 3.2 Bn. Having discussed with the tax experts and based on information available, the Directors are of the view that the company has followed due process and acted in accordance with prevailing laws.

### **31. ASSETS PLEDGED**

There are no material assets pledged as at the reporting date.

### **32. EVENTS OCCURRING AFTER THE REPORTING DATE**

After satisfying the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, the Directors recommended the payment of a final dividend of Rs.20/- per ordinary share for the year ended 31 March 2025. However, in accordance with LKAS 10 Events After the end of the Reporting Period of the Sri Lanka Accounting Standards, the proposed final dividend has not been recognised as a liability as at 31 March 2025. This would result in a total outflow of Rs. 414,750,000/- subject to approval at the forthcoming Annual General Meeting.

There have been no other material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

### **33. RELATED PARTY DISCLOSURES**

Related parties represent the shareholders, key management personnel of the Group, close family members of key management personnel and entities controlled or jointly controlled by such parties. Pricing policies and terms of transactions with these related parties are approved by the Group/Company's management.

#### **33.1 Related Party Transactions**

Transactions with related parties are as follows:

Group	Transaction Value		
Recurrent Transactions exceeds 10% of Revenue	2025 Rs.'000	2024 Rs.'000	
Name of the Company	Relationship	Nature of Transaction	
Dilmah Australia Pty Ltd	Fellow Subsidiary	Export Sales	3,542,041      3,566,134
As a % of revenue			17%      19%

Note - Export sales to Dilmah Australia Pty Ltd are made on commercial terms and in the ordinary course of business.

# NOTES TO THE FINANCIAL STATEMENTS

## Recurrent Transactions not exceeds 10% of Revenue

Name of the Company	Relationship	Nature of Transaction	Transaction Value	
			2025 Rs.'000	2024 Rs.'000
Dilmah Europe B.V (MJF Group Europe Holding B.V)	Fellow Subsidiary	Export Sales	36,626	162,125
MJF Teas (Private) Limited	Parent Company	Rent Expenses	(54,084)	(40,563)
		Dividend Paid	(93,928)	(587,047)
MJF Exports (Private) Limited	Fellow Subsidiary	Local Sales	-	19,754
		Transfer of Tea and Packing Materials	529,930	1,021,971
		Vehicles Hire Income	-	3,090
		Dividend Paid	(28,946)	(180,910)
MJF & Sons (Private) Ltd	Fellow Subsidiary	Dividend Paid	(172)	(1,075)
Print Care Universal (Private) Limited	Affiliate Company	Purchase of Packing Materials	(614,073)	(650,973)
Printcare PLC	Affiliate Company	Purchase of Packing Materials	(967,675)	(674,530)
Timber Concepts (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	(174,167)	(221,760)
		Vehicles Hire Income	196	252
PCL Solutions (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	(3,626)	(81)
		Vehicles Hire Income	856	673
Packages Lanka (Private) Limited	Affiliate Company	Purchase of Packing Materials	(416,526)	(508,750)
Dilmah Properties (Private) Limited	Fellow Subsidiary	Rent Expenses	(114,178)	(90,665)
Kahawatte Plantations PLC	Fellow Subsidiary	Rent Expenses	(2,416)	(2,416)
		Vehicles Hire Income	79	11
Forbes and Walker Warehousing (Private) Limited	Fellow Subsidiary	Vehicles Hire Income	1,656	1,440
MJF Properties (Pvt) Ltd	Fellow Subsidiary	Vehicles Hire Income	18	19
Ceylon Tea Farmers (Pvt) Ltd	Fellow Subsidiary	Vehicles Hire Income	66	36
The Ceylon Spice Company (Pvt) Limited	Fellow Subsidiary	Vehicles Hire Income	279	172
MJF Charitable Foundation	Affiliate Organisation	Vehicles Hire Income	432	780
		Donations	(191,400)	(202,000)

Transactions with Related parties were made on ordinary course of business.

### 33.1 Related Party Transactions (Contd.)

Company

Transaction Value

Recurrent Transactions exceeds 10% of Revenue				2025 Rs.'000	2024 Rs.'000
Name of the Company	Relationship	Nature of Transaction	Terms		
Dilmah Australia Pty Ltd	Fellow Subsidiary	Export Sales	Note (a)	3,515,496	3,527,533
As a % of revenue				17%	19%

Note - Export sales to Dilmah Australia Pty Ltd are made on commercial terms and in the ordinary course of business.

### Recurrent Transactions not Exceeding 10% of Revenue

Transaction Value

Name of the Company	Relationship	Nature of Transaction	2025 Rs.'000	2024 Rs.'000
Dilmah Europe B.V	Fellow Subsidiary	Export Sales	36,626	159,896
MJF Teas (Private) Limited	Parent Company	Rent Expenses	(54,084)	(40,563)
		Dividend Paid	(93,928)	(587,047)
	Fellow Subsidiary	Transfer of Tea and Packing Materials	529,930	1,021,971
		Vehicles Hire Income	-	3,090
		Gratuity Transfer	(60,733)	-
		Dividend Paid	(28,946)	(180,910)
MJF & Sons (Private) Ltd	Affiliate Company	Dividend Paid	(172)	(1,075)
Print Care Universal (Private) Limited	Affiliate Company	Purchase of Packing Materials	(614,073)	(650,973)
Print Care PLC	Affiliate Company	Purchase of Packing Materials	(967,675)	(674,530)
Timber Concepts (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	(174,167)	(221,760)
		Vehicles Hire Income	196	252
PCL Solutions (Private) Limited	Fellow Subsidiary	Purchase of Packing Materials	(3,626)	(81)
		Vehicles Hire Income	856	673
Packages Lanka (Private) Limited	Affiliate Company	Purchase of Packing Materials	(416,526)	(508,750)
Dilmah Properties (Private) Limited	Fellow Subsidiary	Rent Expenses	(114,178)	(90,665)
Forbes and Walker Warehousing (Private) Limited	Fellow Subsidiary	Vehicles Hire Income	1,656	1,440
Kahawatte Plantations PLC	Fellow Subsidiary	Vehicles Hire Income	79	11
MJF Properties (Private) Ltd	Fellow Subsidiary	Vehicles Hire Income	18	19
Ceylon Tea Farmers (Private) Ltd	Fellow Subsidiary	Vehicles Hire Income	66	36
	Fellow Subsidiary	Vehicles Hire Income	279	172
MJF Charitable Foundation	Affiliate Organisation	Vehicles Hire Income	432	780
		Donations	(190,000)	(200,000)

The transactions with related parties were made on ordinary course of business. Outstanding balances at the year-end are unsecured and interest free. No corporate guarantees provided to/received from related parties.

Amounts due from and due to related party balances are disclosed in Notes 10,12 and 17.

# NOTES TO THE FINANCIAL STATEMENTS

## 33.2 Transactions with Key Management Personnel of the entity or parent

Key Management Personnel include the Board of Directors of the Company and its Subsidiary.

### Group/Company

	2025 Rs.'000	2024 Rs.'000
<b>Key Management Personnel Compensation</b>		
Short-term Employee Benefits	249,947	273,961
Post Employment Benefits	29,040	29,712
	<b>278,987</b>	<b>303,673</b>

No other material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control or jointly control, which require disclosure in these Financial Statements other than those disclosed under note 33.2.

## 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade payables, amounts due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include bank balances and cash, short-term deposits, trade receivables, amounts due from related parties and other receivables that derive directly from its operations. The Group also holds equity securities.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk of the Group comprises interest rate risk, foreign currency risk and equity price risk.

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates.

The sensitivity of the interest rate risk on the financial assets subject to floating interest rates relates mainly to fixed deposits and repo investments. The table below demonstrates the sensitivity of such risk on the recorded profit calculated based on a change of 100 basis points in the average interest earned in the current year.

### Group/ Company

For the Year Ended 31st March	Increase/Decrease in Base Report	Effect On Profit Before Tax Rs.'000
2025	+ 100	65,620
	- 100	(65,620)
2024	+ 100	94,621
	- 100	(94,621)

#### **34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**

##### **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Trade receivables of the Group include an amount of Rs. 4,639 Mn (2024 - Rs. 4,225Mn) and the Company include an amount of Rs.4,583 Mn (2024 - Rs. 4,194 Mn) due in foreign currencies, mainly in United States Dollars.

Bank balances of the Group include an amount of Rs.1,135 Mn (2024 - Rs. 1,729 Mn) and the Company include an amount of Rs.1,103 Mn (2024 - Rs. 1,721 Mn) due in foreign currencies, mainly in Australian Dollars and United States Dollars.

Short-term deposits of the Group include an amount of Rs. 1,446 Mn (2024 - Rs. 3,384 Mn) and the Company include an amount of Rs. 1,596 Mn (2024 - Rs. 3,384 Mn) due in foreign currencies, mainly in Australian Dollars and United States Dollars.

Amount due to related parties of the group include an Amount of Rs. 1,939 Mn (2024-Rs.1,925 Mn) and the company include an Amount Rs.1,446 Mn (2024- 1,902Mn) due to the foreign currencies mainly in United States Dollars, Australian Dollars and EURO.

The following table demonstrates the sensitivity to a reasonably possible changes in the United States Dollars and Australian Dollars exchange rates by 10% and 15% with all other variables held constant, of the Group's/Company's profit due to changes in the fair value of monetary assets and liabilities held as at reporting date. The effect of decreases in foreign exchange rates is expected to be equal and opposite to the effect of the increases shown.

		Group		Company	
		Effect on Profit for the year		Effect on Profit for the year	
		2025	2024	2025	2024
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
United States Dollars	15%	(1,762,566)	(1,813,652)	(1,756,391)	(1,812,101)
	10%	(1,175,044)	(1,212,556)	(1,170,927)	(1,208,067)
Australian Dollars	15%	(317,038)	(318,268)	(315,072)	(317,418)
	10%	(211,359)	(212,179)	(210,048)	(211,612)

##### **Equity Price Risk**

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the equity price and key assumptions used to fair value listed and unlisted equity securities.

At the reporting date, the unlisted equity security is fair valued at Rs. 6 Mn (2024 - Rs. 12 Mn). The fair value of unquoted investment has been estimated considering the fair value of net assets held by investee as at 31 March 2025 and potential returns expected through its future operations.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

# NOTES TO THE FINANCIAL STATEMENTS

	Group/Company			
	Change in Equity Price 2025	Effect on Equity 2025 Rs.'000	Change in Equity Price 2024	Effect on Equity 2024 Rs.'000
Fair Value Through Other Comprehensive Income Investments				
Quoted Investments	+10%	29,496	+10%	21,373
Unquoted Investment	+10%	586	+10%	1,170

## Credit Risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and amounts due from related parties and from its financing activities, including deposits with banks and other financial instruments.

The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures as and a majority of these trade receivables are not secured. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at 31 March 2025, short term deposits and bank balances comprise 100% (2024 - 100%) for the Group and Company were rated "A" or better

With respect to credit risk arising from the deposits with banks, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these assets in the Statement of Financial Position. Exposures are considered of good credit standing and management believes there is a minimal risk of default thus, expected credit loss is insignificant but being monitored for significant changes in credit risk.

The credit risk arising from the financial assets of the Group arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial instruments as follows:

	Group		Company	
	2025 Rs.'000	2024 Rs.'000	2025 Rs.'000	2024 Rs.'000
Trade Receivables (Excluding Related Party)	5,111,906	4,224,297	5,055,951	4,194,116
Other Receivables	129,530	101,215	124,365	98,357
Amounts due from Related Parties	1,963,475	1,925,081	2,124,419	1,902,823
Short-term Deposits	1,596,435	3,383,700	1,596,435	3,383,700
Bank Balances	1,493,618	1,729,172	1,455,838	1,721,423
	10,294,964	11,363,465	10,357,008	11,300,419

Management has assessed the existing and anticipated effect of current economic conditions in the country on recoverability of trade and other receivables, Amounts due from related parties, Short term deposits, Bank balances and concluded that Company and its subsidiaries do not have significant doubt on recoverability.

### **34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**

#### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or hindering the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through use of the Group's own reserves, funds from the shareholders and bank facilities.

The table below summarises the maturity profile of the Group's financial liabilities as at reporting date, based on contractual undiscounted payments.

<b>As at 31st March 2025</b>	<b>On Demand</b>	<b>Less than 3 Months</b>	<b>3 to 12 Months</b>	<b>Total</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Group</b>				
Trade Payables	2,527	309,414	881,561	1,193,502
Amounts due to Related Parties	-	250,531	-	250,531
Other Payables	-	6,194	82,498	88,692
	2,527	566,139	964,059	1,532,725
<b>Company</b>				
Trade Payables	2,527	305,878	848,147	1,156,552
Amounts due to Related Parties	-	250,531	-	250,531
Other Payables	-	6,048	82,498	88,546
	2,527	562,457	930,645	1,495,629

<b>As at 31st March 2024</b>	<b>Group</b>		<b>Company</b>	
	<b>On Demand</b>	<b>Less than 3 Months</b>	<b>3 to 12 Months</b>	<b>Total</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Group</b>				
Trade Payables	2,954	234,085	573,391	810,430
Amounts due to Related Parties	-	186,312	-	186,312
Other Payables	-	9,519	79,919	89,438
	2,954	429,916	653,310	1,086,180
<b>Company</b>				
Trade Payables	2,954	233,914	552,826	789,694
Amounts due to Related Parties	-	186,312	-	186,312
Other Payables	-	9,519	79,814	89,333
	2,954	429,745	632,640	1,065,339

Management has assessed the existing and anticipated effect of current economic conditions in the country on liquidity of the Company and its subsidiaries to settle liabilities when it is due and management are satisfied that the Company and its subsidiaries do not have significant concerns relating to the Group's liquidity.

# NOTES TO THE FINANCIAL STATEMENTS

## Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Company makes adjustments to its capital structure, in light of changes in economic and business conditions. To maintain or adjust the capital structure, the Company may issue new shares or adjust dividend payments to shareholders. No changes were made in the objectives, policies or processes during the year ended 31 March 2025 and 2024.

Capital, which includes stated capital, fair value through other comprehensive income reserve and retained earnings of the Group is measured at Rs.22,917 million as at 31 March 2025 (2024 - Rs. 22,311 million) and the Company is measured at Rs.22,856 million as at 31 March 2025 (2024 - Rs. 22,257 million).

## 35. FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances and cash, short-term deposits, trade receivables, amounts due from related parties, other receivables and Financial asset at fair value through other comprehensive income investments.

Financial liabilities consist of trade payables, amounts due to related parties, lease liabilities and other payables.

The following table provides the fair value measurement hierarchy of the Group's assets which are stated at Fair value.

Fair value measurement hierarchy for assets as at 31 March:

Date of valuation	Group/Company Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Assets measured at fair value:</b>				
<b>As at 31 March 2025</b>				
Fair Value Through Other Comprehensive Income Investments				
Quoted Investments	31 March 2025	294,958	294,958	-
Unquoted Investments	31 March 2025	5,860	-	5,860
Fair Value Through Other Comprehensive Income Investments as at 31 March 2025		300,818	294,958	-
				5,860
<b>As at 31 March 2024</b>				
Fair Value Through Other Comprehensive Income Investments				
Quoted Investments	31 March 2024	213,735	213,735	-
Unquoted Investments	31 March 2024	11,702	-	11,702
Fair Value Through Other Comprehensive Income Investments as at 31 March 2024		225,437	213,735	-
				11,702

The fair value of unquoted investment has been estimated considering the fair value of net assets held by investee as at 31 March 2025 and potential returns expected through its future operations.

During the reporting period ending 31 March 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The fair values of other financial instruments are not materially different from their carrying values considering the short term maturities.

# FIVE YEAR SUMMARY - COMPANY

For the year ended 31 March	2025 Rs. '000	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000
<strong>TRADING RESULTS</strong>					
Turnover	20,988,308	18,349,958	22,186,053	11,350,390	9,175,653
Operating Expenses	19,998,817	17,196,696	19,546,064	10,487,792	8,719,655
Other Income	836,683	381,470	3,313,100	5,121,458	1,654,561
Interest Expense	146,966	183,757	141,322	170,048	195,954
Profit before Income Tax	1,679,208	1,350,975	5,811,767	5,814,008	1,914,605
Income Tax on Profits	960,044	598,727	786,221	272,105	164,494
Profit for the Year	719,164	752,248	5,025,546	5,541,903	1,750,111
<strong>SHAREHOLDERS' FUNDS</strong>					
Stated Capital	642,500	642,500	642,500	642,500	642,500
Reserves	22,214,076	21,615,195	21,997,566	18,040,812	13,227,176
<strong>NET ASSETS</strong>	<strong>22,856,576</strong>	<strong>22,257,695</strong>	<strong>22,640,066</strong>	<strong>18,683,312</strong>	<strong>13,869,676</strong>
<strong>ASSETS</strong>					
Property , Plant & Equipment	7,145,911	5,105,203	4,639,158	3,459,568	3,273,610
Investment Property	633,064	617,428	628,123	637,921	647,946
Intangible Assets	138,353	129,005	132,660	152,407	176,085
Right of Use Assets	986,068	1,015,418	1,044,767	1,074,117	1,103,467
Other Financial Assets / Investments	300,818	225,437	270,805	303,492	379,214
Deferred Tax Asset	-	35,787	53,713	-	-
Current Assets	19,557,427	19,806,194	21,179,544	17,235,658	11,178,152
<strong>LIABILITIES</strong>					
Non-current Liabilities	2,174,552	1,585,287	1,417,859	1,633,259	1,544,748
Current Liabilities	3,730,513	3,091,490	3,890,845	2,546,592	1,344,050
<strong>NET ASSETS</strong>	<strong>22,856,576</strong>	<strong>22,257,695</strong>	<strong>22,640,066</strong>	<strong>18,683,312</strong>	<strong>13,869,676</strong>
Market Price Per Share (Rs.)	1,070.00	995.25	1,020.00	998.00	636.75
Dividend Per Share (Rs.)	20.00	18.00	50.00	55.00	18.00
Total Dividend (Gross)	414,750	373,275	1,036,875	1,140,563	373,275
No of Shares	20,737,500	20,737,500	20,737,500	20,737,500	20,737,500
<strong>RATIOS</strong>					
Return on Average Shareholders Funds (%)	3.19	3.35	24.32	34.05	13.36
Earnings Per Share (Rs)	34.68	36.27	242.34	267.23	84.39
Dividend Cover (times)	1.73	2.02	4.85	4.86	4.69
Liquidity (times)	5.24	6.41	5.44	6.77	8.32

# INFORMATION TO INVESTORS

## 1. STOCK EXCHANGE LISTING

The issued ordinary shares of Dilmah Ceylon Tea Company PLC are listed on the Colombo Stock Exchange.

## 2. ORDINARY SHAREHOLDERS

Number of Shares	Number of Shareholders	Total Holding	% Holding
1 - 1,000	996	63,438	0.31%
1,001 - 5,000	66	168,630	0.81%
5,001 - 10,000	10	71,435	0.34%
10,001 - 50,000	23	522,749	2.52%
50,001 - 100,000	4	263,885	1.27%
100,001 - 500,000	-	-	-
500,001 - 1,000,000	-	-	-
1,000,001 - Over	3	19,647,363	94.74%
<b>Total</b>	<b>1,102</b>	<b>20,737,500</b>	<b>100.00%</b>

## 3. ANALYSIS OF SHAREHOLDERS

Number of Shares	Number of Shareholders	Total Holding	% Holding
Individuals	1,043	935,435	4.51%
Institutions	59	19,802,065	95.49%
<b>Total</b>	<b>1,102</b>	<b>20,737,500</b>	<b>100.00%</b>

Number of Public Shareholders as at 31st March 2025 was 1091

2,517,522 (12.14%) shares were held by the public as at 31st March 2025

The float adjusted market capitalisation is Rs. 2,693,759,775/-

The Company is listed on the Dirisavi Board having complied with a minimum public holding of 10% of the total listed shares in the hands of a minimum of 200 public shareholders, under the Section 7.14.1 (i) (b), option 2 of CSE listing rules.

## 4. SHARE TRADING

	2025	2024	2023	2022	2021
No. of Transactions	1,055	1,280	1,838	1,376	1,376
No. of Shares Traded	22,331	34,563	61,288	113,182	36,813
Value of Shares Traded	23,683,687	34,802,979	75,615,478	88,602,136	25,066,297

## 5. DIVIDENDS

	2025	2024	2023	2022	2021
Interim	-	10/-	35/-	40/-	-
Final	20/-	8/-	15/-	15/-	18/-
Amount (Rs.000's) Gross	414,750	373,275	1,036,875	1,140,563	373,275

## 6. EARNINGS

	2025	2024	2023	2022	2021
Earnings/share Rs.	35.00	36.76	242.77	268.62	84.38
P/E Ratio	30.57	27.07	4.20	3.72	7.55

**7. MARKET VALUES (Rs.)**

	2025	2024	2023	2022	2021
Highest	1,249.00	1,150.00	1,800.00	1,300.00	799.00
Lowest	960.00	970.00	700.00	632.25	500.50
Year End	1,070.00	995.25	1,020.00	998.00	636.75

The weighted average trading price for the year was Rs. 1,060.57

**8. MARKET CAPITALISATION (Rs.Million)**

	2025	2024	2023	2022	2021
Capital & Reserves	22,857	22,257	22,640	18,683	13,870
Market Capitalisation	22,189	20,639	21,152	20,696	13,205

**9. TOP 20 SHAREHOLDINGS AS AT 31ST MARCH 2025**

SHAREHOLDER NAME	31.03.2025		31.03.2024	
	TOTAL SHARES	%	TOTAL SHARES	%
MJF Teas (Pvt) Ltd	13,812,882	66.61	13,812,882	66.61
MJF Exports (Pvt) Ltd	4,256,712	20.53	4,256,712	20.53
Employees Provident Fund	1,577,769	7.61	1,577,769	7.61
Mrs. S.T.Fernando	79,501	0.38	79,501	0.38
GF Capital Global Limited	69,700	0.34	69,700	0.34
Mr. D.C.Fernando	60,400	0.29	60,400	0.29
Mrs. A.S.Fernando	54,284	0.26	54,284	0.26
Mr. W.H.M.Fernando	46,662	0.23	46,662	0.23
Mr. D.Ortiz	42,864	0.21	42,864	0.21
Mr. A.W.Athukorala	37,000	0.18	36,870	0.18
Mr. M.W.De Silva	34,830	0.17	34,830	0.17
Mr. J.W.Burton	32,270	0.16	32,270	0.16
Ms. N.Harnam	30,000	0.14	30,000	0.14
Merrill J Fernando & Sons (Pvt) Ltd	25,300	0.12	25,300	0.12
Mr. M.J.Fernando	24,200	0.12	24,200	0.12
Dr. K.Poologasundram	23,808	0.11	23,808	0.11
Mr. H.S.Ranaweera	22,984	0.11	22,984	0.11
Mr.H.D.A.D.Perera	21,393	0.10	20,467	0.10
Mr. H.R.Peries	21,200	0.10	21,200	0.10
Ms.L.R.Jayasundera	18,000	0.09	18,000	0.09
	20,291,759	97.86	20,290,703	97.86

# ASSURANCE STATEMENT - IR



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## Independent practitioner's assurance report to the Board of Directors of Dilmah Ceylon Tea Company PLC on the Integrated Annual Report 2024/25

### Scope

We have been engaged by Dilmah Ceylon Tea Company PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Dilmah Ceylon Tea Company PLC's Information on how it's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Dilmah Ceylon Tea Company PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Dilmah Ceylon Tea Company PLC

In preparing the Subject Matter, Dilmah Ceylon Tea Company PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organisational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Dilmah Ceylon Tea Company PLC's responsibilities

Dilmah Ceylon Tea Company PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates

that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Dilmah Ceylon Tea Company PLC on 5 June 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a

reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organisation creates value, the external environment, strategy, approaches to putting members first, governance and reporting.
- Obtained an understanding of the description of the organisation's strategy and how the organisation creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.

- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

#### **Emphasis of matter**

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

#### **Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Dilmah Ceylon Tea Company PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

*Ernst + Young*

08 July 2025  
Colombo

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

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# ASSURANCE STATEMENT - GRI



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## Independent practitioner's assurance report to the Board of Directors of Dilmah Ceylon Tea Company PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2024/25

### Scope

We have been engaged by Dilmah Ceylon Tea Company PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Dilmah Ceylon Tea Company PLC 's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Dilmah Ceylon Tea Company PLC 's (the "Entity's") Integrated Annual Report for the year ended 31 March 2025 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Dilmah Ceylon Tea Company PLC

In preparing the Subject Matter, Dilmah Ceylon Tea Company PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

### Dilmah Ceylon Tea Company PLC 's responsibilities

Dilmah Ceylon Tea Company PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Dilmah Ceylon Tea Company PLC on 5 June 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been

performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

### **Emphasis of matter**

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

### **Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Dilmah Ceylon Tea Company PLC for the year ended 31 March 2025, in order for it to be in accordance with the Criteria.

Ernst + Young

08 July 2025  
Colombo

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

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# GRI INDEX

<b>Statement of use</b>	Dilmah Ceylon Tea Company PLC has reported in accordance with the GRI Standards for the period 1 April 2024 to 31 March 2025					
<b>GRI 1 used</b>	GRI 1: Foundation 2021					
GRI Standard	Disclosure	LOCATION	OMISSION REQUIREMENT OMITTED	REASON	EXPLANATION	Remarks
<b>General Disclosures</b>						
GRI 2: General Disclosures 2021	2-1 Organisational details	185				
	2-2 Entities included in the organisation's sustainability reporting	9				
	2-3 Reporting period, frequency and contact point	9, 10				
	2-4 Restatements of information	10				
	2-5 External assurance	10,230				
	2-6 Activities, value chain and other business relationships	33, 72, 82, 112, 115, 117				
	2-7 Employees	93-94				
	2-8 Workers who are not employees	94				
	2-9 Governance structure and composition	24,44,149, 150, 158				
	2-10 Nomination and selection of the highest governance body	151, 169				
	2-11 Chair of the highest governance body	152				
	2-12 Role of the highest governance body in overseeing the management of impacts	44,148, 158				
	2-13 Delegation of responsibility for managing impacts	44, 153, 158				
	2-14 Role of the highest governance body in sustainability reporting	158				
	2-15 Conflicts of interest	151, 171				
	2-16 Communication of critical concerns	156				
	2-17 Collective knowledge of the highest governance body	154				
	2-18 Evaluation of the performance of the highest governance body	160				
	2-19 Remuneration policies	152, 170				
	2-20 Process to determine remuneration	152, 170				
	2-21 Annual total compensation ratio	-	2-21	Confidentiality constraints	Company treats this information as confidential	
	2-22 Statement on sustainable development strategy	21				
	2-23 Policy commitments	45, 92, 154, 156, 157				
	2-24 Embedding policy commitments	45, 92, 154, 156, 157				
	2-25 Processes to remediate negative impacts	108, 115				
	2-26 Mechanisms for seeking advice and raising concerns	108, 115, 156				
	2-27 Compliance with laws and regulations	155				
	2-28 Membership associations	82				
	2-29 Approach to stakeholder engagement	34				
	2-30 Collective bargaining agreements	108				

GRI Standard	Disclosure	LOCATION	OMISSION			Remarks
			REQUIREMENT OMITTED	REASON	EXPLANATION	
<b>Material topics</b>						
"GRI 3: Material Topics 2021	3-1 Process to determine material topics 3-2 List of material topics 3-3 Management of material topics	38 38 38				
<b>Economic performance</b>						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed 201-2 Financial implications and other risks and opportunities due to climate change	13 60				The Financial implications of Climate change related risks and opportunities will be assessed and completed in the financial year 2025/26.
	201-3 Defined benefit plan obligations and other retirement plans	191				
	201-4 Financial assistance received from government	-				No financial assistance received in the reporting year.
<b>Market presence</b>						
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage 202-2 Proportion of senior management hired from the local community	97 95				
<b>Procurement practices</b>						
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	115				
<b>Materials</b>						
GRI 301: Materials 2016	301-1 Materials used by weight or volume 301-3 Reclaimed products and their packaging materials	126 127				
<b>Energy</b>						
GRI 302: Energy 2016	302-1 Energy consumption within the organisation 302-3 Energy intensity 302-4 Reduction of energy consumption	127 127 127				
<b>Water and effluents</b>						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption	130 130 130 130 130				
<b>Biodiversity</b>						
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas 304-2 Significant impacts of activities, products and services on biodiversity 304-3 Habitats protected or restored	134 134 134				

# GRI INDEX

GRI Standard	Disclosure	LOCATION	OMISSION			Remarks
			REQUIREMENT OMITTED	REASON	EXPLANATION	
<b>Emissions</b>						
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions	128 128 128 128 128				
<b>Waste</b>						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	131 131 131 131 131				
<b>Employment</b>						
GRI 401: Employment 2016	401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave	94 97 99				
<b>Labour/management relations</b>						
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	107				
<b>Occupational health and safety</b>						
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries 403-10 Work-related ill health	103 103 103 103 103 97, 103 103 103 103				
<b>Training and education</b>						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews	100 100 99				
<b>Diversity and equal opportunity</b>						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	93				
<b>Non-discrimination</b>						
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	92				

GRI Standard	Disclosure	LOCATION	OMISSION			Remarks
			REQUIREMENT OMITTED	REASON	EXPLANATION	
<b>Freedom of association and collective bargaining</b>						
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	108,117				
<b>Child labour</b>						
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	92, 117				
<b>Forced or compulsory labour</b>						
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	92, 117				
<b>Local communities</b>						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	119				
<b>Customer health and safety</b>						
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	112				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	112				
<b>Marketing and labelling</b>						
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	113				
	417-2 Incidents of non-compliance concerning product and service information and labelling	113				
	417-3 Incidents of non-compliance concerning marketing communications	113				
<b>Customer privacy</b>						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	113				

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD INDEX

Topic	Metric	Category	Unit of Measure	Code	Response
Fleet Fuel management	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-NB-110a.1	Fleet Fuel Consumed (GJ): 1565.4 Percentage Renewable (%): 0 % (our fleet does not have vehicles operates with Renewable energy)
Energy management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-NB-130a.1	(1) Operational Energy Consumed (GJ): 18,836.6 (2) Percentage Grid Electricity (%): 75.7% (3) Percentage Renewable (%): 3.2%
Water management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m³), Percentage (%)	FB-NB-140a.1	(1) Total water withdrawn: 35,933 (2) Total water consumed: 12,378 (3) Percentage of each in regions with High or Extremely High Baseline Water Stress: Both operational sites - Peliyagoda and Rilhena are located in high water-risk zones, as indicated by the WRI Aqueduct Water Risk Atlas (scoring between 3-4 on a 5-point scale), water management is designated as a key priority under the Company's Sustainability Strategy.
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-NB-140a.2	Dilmah's core business of blending and packaging tea involves minimal water usage, with water needed primarily for cleaning, utility, and employee sanitation needs. The daily wastewater, including greywater and blackwater, is treated at an on-site plant in compliance with the Environmental Protection License (EPL).  Treated water is used for irrigation of green spaces and stored in a fire well for emergency use. A dedicated officer oversees the wastewater treatment operations, ensuring effluent parameters such as chlorine and pH levels are monitored daily, with immediate adjustments made as needed to maintain compliance. Quarterly reports by an independent laboratory and bi-annual reports from the Central Environmental Authority (CEA) ensure ongoing adherence to environmental regulations.
					In 2024/25, Dilmah undertook its first-ever water footprint assessment in alignment with ISO 14046:2014, using the Water Footprint Network's methodology.

<b>Topic</b>	<b>Metric</b>	<b>Category</b>	<b>Unit of Measure</b>	<b>Code</b>	<b>Response</b>
Health & nutrition	Revenue from (1) zero- and low-calorie or energy-free and low-energy, (2) no-added sugar, and (3) artificially sweetened beverages	Quantitative	Presentation currency	FB-NB-260a.1	Rs.20,988 Mn
	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Discussion and Analysis	n/a	FB-NB-260a.2	Our tea products do not contain GMO or allergen-related ingredients. In our beverage products, we use natural sugar alternatives like stevia and honey to replace added sugars.
Product labelling and market	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines [1]	Quantitative	Percentage (%)	FB-NB-270a.1	0
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Presentation currency	FB-NB-270a.2	0
	Number of incidents of non-compliance with industry or regulatory labelling or marketing codes	Quantitative	Number	FB-NB-270a.3	0
	Total amount of monetary losses as a result of legal proceedings associated with marketing or labelling practices	Quantitative	Presentation currency	FB-NB-270a.4	0
	(1) Total weight of packaging, (2) percentage made from recycled or renewable materials, and (3) percentage that is recyclable, reusable, or compostable	Quantitative	Metric tons(t), Percentage (%)	FB-NB-410a.1	(1) Total weight of packaging, (MT): 2634.1 (2) percentage made from recycled or renewable materials (%), and – 93.1% (3) percentage that is recyclable, reusable, or compostable (%) – 78.9%
Packaging Lifecycle Management	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and Analysis	n/a	FB-NB-410a.2	Dilmah is firmly committed to sustainable packaging solutions supported by regular investment in technology coupled with ongoing research to develop innovative eco-friendly alternatives. At present 100% of the Company's production lines have been converted to PLA based filter paper. Moreover, introducing the tear strip design feature has helped to eliminate plastic overwrap in tea packs, while Dilmah kraft paper based inner crayons have been replaced with reusable corrugated inner cartons. In the Cafe range, foil envelope tea bags have been replaced with paper envelopes. During the reporting year home compostability certification was obtained for pot tea bag (page 86)

# SUSTAINABILITY ACCOUNTING STANDARDS BOARD INDEX

Topic	Metric	Category	Unit of Measure	Code	Response
Environmental & Social Impacts of Ingredient Supply Chain	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor nonconformances	Quantitative	Rate	FB-NB-430a.1	From the onset of supplier onboarding, their social and environmental responsibilities are evaluated. In addition, suppliers are subjected to annual audits, biannual assessments according to specific predefined criteria, which encompass both social and environmental aspects. Moreover, a supplier CoC, 'Supplier Self-Assessment' was introduced at supplier conferences to track their progress. The assessment rates will be reported in future updates.
Ingredient Sourcing	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-NB-440a.1	Our operations are not water intensive, and the water footprint only includes the overhead water and the black water. As our main ingredient, tea, is locally sourced, all partnering estates are exposed to high water risk, as indicated by the WRI Aqueduct Water Risk Atlas, with scores ranging between 3–4 on a 5-point scale. Consequently, effective water management has been identified as a critical priority to ensure the sustainability and long-term resilience of tea cultivation in these regions. As a proactive measure to mitigate this risk, rainwater harvesting systems have been introduced at selected tea estates to enhance water availability during dry periods and reduce dependence on external water sources.
	List of priority beverage ingredients and discussion of sourcing risks related to environmental and social considerations	Discussion and Analysis	n/a	FB-NB-440a.2	Tea, Flavours and Herbs The primary environmental risk identified is climate change, while the main social risk is a shortage of labour. Climate change leads to various other environmental issues, including groundwater depletion, increased temperatures, droughts, and extreme rainfall. Additionally, climate change indirectly affects the workforce by causing migration, which contributes to labour shortages.

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## TCFD DISCLOSURE

Topic	Recommended	Response and references
Governance: Disclose the organisation's governance around climate related risks and opportunities	<p>a. Describe the board's oversight of climate related risk and opportunities.</p> <p>b. Describe management's role in assessing and managing climate related risks and opportunities.</p>	<p>Dilmah's Board of Directors holds ultimate responsibility for the oversight of sustainability and climate-related risks and opportunities, reflecting the Company's foundational ethos that business must go hand in hand with sustainability. In a decisive and proactive move to integrate sustainability considerations into the heart of strategic planning and corporate governance processes, the Dilmah Board formally approved the ESG Policy institutionalising Dilmah's commitment to embedding environmental and social imperatives into its core operations.</p> <p>To operationalise this commitment, the Board also established a dedicated ESG governance structure, spearheaded by the ESG Board Committee. This Committee plays a leading role in providing strategic oversight, reviewing the alignment of sustainability goals with overall business strategy, and ensuring ESG priorities are meaningfully reflected in decision-making processes at the highest level. Among its key responsibilities, the Committee regularly reviews performance against ESG-related KPIs, monitors emerging sustainability trends and risks, and provides guidance on high-level decisions that shape the Company's long-term sustainability roadmap.</p> <p>Under the purview of the ESG Board Committee a special ESG Executive Committee was established and entrusted with the responsibility of</p> <ul style="list-style-type: none"> <li>• Ensuring that a sufficiently robust system is in place for identifying, measuring, monitoring and managing the sustainability related risks and opportunities of the Company</li> <li>• Reviewing the process for identifying material topics and approving the material topics at least annually</li> <li>• Reviewing stakeholder engagement processes and considering the feedback from such processes on an aggregate and ongoing basis</li> <li>• Reviewing the Environmental, Social and Governance statements of the Company</li> <li>• Recommending ESG related strategy to be incorporated into the Company's overall business strategy</li> <li>• Review and recommend to the Board relevant ESG goals and targets</li> <li>• Maintaining and submitting minutes of meetings to the Board</li> <li>• Escalating critical matters to the Board on a regular basis</li> </ul>

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Topic	Recommended	Response and references					
Strategy: Disclose the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term.	<p>Dilmah is uniquely positioned to lead the way in championing sustainability, drawing strength from its founding purpose and integrated business model that places people and planet at the heart of its operations. As a pioneer of Single Origin Ceylon Tea, Dilmah has long embraced ethical, transparent, and responsible practices that support both environmental stewardship and social empowerment, well before sustainability became a global imperative.</p> <p>Dilmah's vertically integrated value chain enables the Company to maintain full control over its sourcing, production, and packaging processes, giving it the ability to implement sustainability-focused innovations and climate-resilient practices directly at source. Moreover a strong governance structure, proactive ESG leadership, and ongoing assessment of sustainability and climate related impacts on Dilmah's strategy, business model and value chain allows the company to manage sustainability and climate-related risks, and leverage potential opportunities as a catalyst for innovation, brand differentiation, and shared value creation.</p>					
	Climate Risks			Scenario Analysis under pathway to achieve net zero CO <sub>2</sub> emissions by 2050, aligned with limiting global warming to 1.5°C			
	Transitional Risks	Policy & Legal	Enhanced emissions reporting obligations and increased pricing of GHG emissions	Impact to Dilmah's Strategy / Business Model / Value Chain	Short Term	Medium Term	Long Term
		Market Changes	Changing consumer behaviours and preferences Substitution of existing products with low emission options	Increased costs in terms of compliance	L	H	H
		Technology	Increasing demand for biodegradable and home compostable packaging materials	More frequent retirement of existing products lines High production costs due to changing raw material inputs and designs	M	H	M
		Reputational Damage	Delay in adopting emerging Sustainability/ ESG reporting related regulations in local and global markets.	Capital investment in new technology  Loss of market share due to non-compliance Fines and other monetary losses	M	H	H

Topic	Recommended	Response and references															
<p><b>Strategy:</b> Disclose the actual and potential impacts of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material. (Contd.)</p>		Climate Risks			<p>Scenario Analysis under pathway to achieve net zero CO<sub>2</sub> emissions by 2050, aligned with limiting global warming to 1.5°C</p> <table border="1" data-bbox="979 422 1494 675"> <thead> <tr> <th data-bbox="979 422 1175 506">Impact to Dilmah's Strategy / Business Model / Value Chain</th><th data-bbox="1175 422 1272 506">Short Term</th><th data-bbox="1272 422 1370 506">Medium Term</th><th data-bbox="1370 422 1494 506">Long Term</th></tr> </thead> <tbody> <tr> <td data-bbox="979 506 1175 675">Increased operating cost/capital cost Supply chain disruptions Threat to operational continuity due to difficulties in employee commuting and transportation</td><td data-bbox="1175 506 1272 675">H</td><td data-bbox="1272 506 1370 675">M</td><td data-bbox="1370 506 1494 675">M</td></tr> </tbody> </table>					Impact to Dilmah's Strategy / Business Model / Value Chain	Short Term	Medium Term	Long Term	Increased operating cost/capital cost Supply chain disruptions Threat to operational continuity due to difficulties in employee commuting and transportation	H	M	M
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Increased operating cost/capital cost Supply chain disruptions Threat to operational continuity due to difficulties in employee commuting and transportation	H	M	M														
	Physical Risks	Acute	Increased severity of extreme weather events and extreme variability in weather patterns and														
<p><b>Risk Management:</b> Disclose how the organisation identifies, assesses, and manages climate-related risks</p>	a) Describe the organisation's processes for identifying and assessing climate related risks.		<p>Dilmah adopts a comprehensive and structured approach to identifying and managing sustainability and climate-related risks and opportunities through its Enterprise Risk and Opportunity Management (EROM) framework which includes specialised tools designed to ensure the consistent identification, evaluation, and mitigation of material risks..</p>														
	b) Describe the organisation's process for managing climate-related risks.		<p>Risk identification is an iterative process, driven by continuous stakeholder engagement and close monitoring of internal and external developments. Sustainability and climate risks are assessed through a broad spectrum of risk assessments encompassing the Company's overall risk landscape.</p>														
	c) Describe how processes for identifying, assessing and managing climate related risks are integrated into the organisation's overall risk management.		<p>Meanwhile, recognising climate change as a critical factor that directly influences its operations, supply chain, and long-term resilience, Dilmah has formally classified environmental and climate-related risks as "Key Risks" to the business. As such, climate risks are incorporated into key risk management instruments such as business risk assessments, environmental impact assessments, and business continuity planning exercises. These are reviewed at minimum on an annual basis, or more frequently if emerging risks are identified—to ensure relevance and responsiveness to evolving conditions.</p> <p>The Board of Directors provides active oversight of the risk management process. Updated risk matrices and key risk indicators are presented regularly, enabling the Board to review, guide, and reinforce strategic responses in a timely and informed manner to support the continuous enhancement of Dilmah's risk resilience and strengthens its long-term sustainability strategy.</p>														

# TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Topic	Recommended	Response and references							
Metrics and targets:  Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.  b) Disclose scope 1, scope 2 and if appropriate scope 3 greenhouse gas (GHG) emissions and the related risks  c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	<p>Taking a bold and proactive step in demonstrating its leadership on climate action, Dilmah in 2021 made a commitment to achieving Net Zero in alignment with the Science Based Targets initiative (SBTi). In 2025, the SBTi formally validated both the near-term and long-term Net Zero targets submitted by Dilmah and its subsidiary, MJF Beverages, covering emissions from Forest, Land and Agriculture (FLAG) as well as non-FLAG sources, marking a significant milestone in Dilmah's journey towards climate responsibility and reinforcing its position as a sustainability leader in the global tea industry.</p> <p style="text-align: center;"><b>Overall net-zero target:</b> Dilmah Ceylon Tea Company PLC commits to reach net-zero greenhouse gas emissions across the value chain by FY2049.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #0070C0; color: white;">Near-term targets:</th> <th style="background-color: #0070C0; color: white;">Long-term targets</th> </tr> </thead> <tbody> <tr> <td><b>Energy &amp; Industry:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1 and 2 GHG emissions 46.2% by FY2031 from a FY2023 base year*. Dilmah Ceylon Tea Company PLC also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy related activities and upstream transportation and distribution 27.5% within the same timeframe*. *The target boundary includes land-related emissions and removals from bioenergy feedstocks.</td> <td><b>Energy &amp; Industry:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1, 2 and 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream and downstream leased assets, processing of sold products and investments 90% by FY2049 from a FY2023 base year*. *The target boundary includes land-related emissions and removals from bioenergy feedstocks.</td> </tr> <tr> <td><b>FLAG:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 33.3% by FY2031 from a FY2023 base year*. Dilmah Ceylon Tea Company PLC also commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025. *The target includes FLAG emissions and removals.</td> <td><b>FLAG:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 72% by FY2049 from a FY2023 base year*. *The target includes FLAG emissions and removals.</td> </tr> </tbody> </table>		Near-term targets:	Long-term targets	<b>Energy &amp; Industry:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1 and 2 GHG emissions 46.2% by FY2031 from a FY2023 base year*. Dilmah Ceylon Tea Company PLC also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy related activities and upstream transportation and distribution 27.5% within the same timeframe*. *The target boundary includes land-related emissions and removals from bioenergy feedstocks.	<b>Energy &amp; Industry:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 1, 2 and 3 GHG emissions from purchased goods and services, capital goods, fuel- and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream and downstream leased assets, processing of sold products and investments 90% by FY2049 from a FY2023 base year*. *The target boundary includes land-related emissions and removals from bioenergy feedstocks.	<b>FLAG:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 33.3% by FY2031 from a FY2023 base year*. Dilmah Ceylon Tea Company PLC also commits to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025. *The target includes FLAG emissions and removals.	<b>FLAG:</b> Dilmah Ceylon Tea Company PLC commits to reduce absolute scope 3 FLAG GHG emissions 72% by FY2049 from a FY2023 base year*. *The target includes FLAG emissions and removals.
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		<p>FY24-25 Emissions in MTCO<sub>2</sub>e  Scope 1: 444.97 MT CO<sub>2</sub>e  Scope 2: 1,742.79 MT CO<sub>2</sub>e  Scope 3: 43,025.03 MT CO<sub>2</sub>e</p>							

# NOTICE OF MEETING

Notice is hereby given that the 44th Annual General Meeting of Dilmah Ceylon Tea Company PLC to be convened on 31st July 2025 at 1100 hours as a fully virtual meeting from the broadcast venue of the Board Room of the Company at No.111, Negombo Road, Peliyagoda using a digital platform to take the matters under the agenda of the meeting as follows:

## **Ordinary Business**

1. To receive and adopt the Annual Report of the Board of Directors on the affairs of the Company and Financial Statements for the year ended 31st March 2025 along with the Report of the Auditors thereon.
2. To declare a first and final dividend of Rs. 20/- per share as recommended by the Board of Directors.
3. To re-appoint as a Director, Mr. Himendra S. Ranaweera who retires in terms of Section 210 of the Companies Act No. 07 of 2007, by passing the following resolution:

"IT IS HEREBY RESOLVED THAT that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. Himendra S. Ranaweera and Mr. Himendra S. Ranaweera is hereby re-appointed a Director of the Company as provided for in Section 211 (1) of the Companies Act No. 07 of 2007."

4. To re-appoint as a Director, Mr. Rajanayagam Asirwatham who retires in terms of Section 210 of the Companies Act No. 07 of 2007, by passing the following resolution;

"IT IS HEREBY RESOLVED THAT that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Mr. Rajanayagam Asirwatham and Mr. Rajanayagam Asirwatham be and is hereby re-appointed a Director of the Company as provided for in Section 211 (1) of the Companies Act No. 07 of 2007."

5. To re-elect as a Director, Mr. Malik Joseph Fernando who retires by rotation under Article 24 of the Articles of Association.
6. To re-elect as a Director Mr. Anil Lasantha Naomal Dias who retires in terms of Article 23(2) of the Articles of Association.
7. To re-appoint retiring Auditors Messer. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.
8. To authorise the Directors to determined and make donations and contributions to charities.
9. Any other business.

By Order of the Board,  
**DILMAH CEYLON TEA COMPANY PLC**



**MJF Corporate Services (Private) Limited**

Secretaries  
At Colombo, Sri Lanka

08 July 2025

# NOTICE OF MEETING

## Notes:

- A Shareholder is entitled to appoint a Proxy to virtually participate and vote at the meeting on his/her behalf.
- A Proxy need not be a shareholder of the Company.
- The completed Proxy should be delivered to Registered Office of the Company, Dilmah Ceylon Tea Company PLC, No.111, Negombo Road, Peliyagoda or duly signed, scanned and emailed to [legal@dilmahtea.com](mailto:legal@dilmahtea.com) at least not less than 48 hours before the time appointed for the meeting.

# FORM OF PROXY

I/We ..... NIC of .....

of.....

being shareholders of Dilmah Ceylon Tea Company PLC hereby appoint: .....

.....NIC No.....of .....

.....or failing him/her

Mr. Dilhan Crishantha Fernando of Colombo or failing him

Mr. Malik Joseph Fernando of Colombo or failing him

Mr. Himendra Somasiri Ranaweera of Colombo or failing him

Mr. Roshan Conrad Tissaaratchy of Colombo or failing him

Mr. Darshana Gunasekera of Colombo or failing him

Ms. Minette Delicia Anne Perera of Colombo or failing her

Mr. Rajanayagam Nalliah Asirwatham of Colombo or failing him

Dr. Ravindra Ajith Fernando of Colombo or failing him

Mr. John Michael Lo or failing him

Mr. Anil Lasantha Naomal Dias

As my/our Proxy to participate virtually and vote for me/us on my/our behalf at the 44th Annual General Meeting of the Company to be held virtually on the 31st July 2025 at 11.00 hours and any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

## 1. Ordinary Business

Ref	Resolution	For	Against
1.	To receive and adopt the Annual Report, Financial Statements for the year ended 31st March 2025 along with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To declare a first and final dividend of Rs. 20/- per share as recommended by the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-appointment Mr. Himendra S. Ranaweera as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-appoint Mr. Rajanayagam Asirwatham, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To re-elect as a Director, Mr. Malik Joseph Fernando who retires by rotation under section 24 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
6.	To re-elect as a Director Mr. Anil Lasantha Naomal Dias who retires in terms of Article 23(2) of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
7.	To re-appoint retiring Auditors Messer. Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8.	To authorise the Directors to determine and make donations and contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>

As Witness my hand / our hands this ..... day ..... of 2025

Signature: .....

## FORM OF PROXY

### N.B.

Instructions for completion are as follows:

- Please delete the inappropriate words.
- A Proxy need not be a member of the Company.
- Kindly perfect the Proxy by filling legibly your full name and address and by signing in the space provided and filling in the date of signature.
- In the case of corporate members, the proxy form must be under the seal or hand of an authorised officer or attorney.
- If the proxy form is signed by an attorney, the relevant Power of Attorney should accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
- The completed proxy form should be deposited at the registered office of the Company at the address given below not less than 48 hours before the time appointed for the Meeting.

# CORPORATE INFORMATION

## LEGAL FORM

Quoted Public Company with Limited Liability

## COMPANY REGISTRATION NO.

PQ 209

## REGISTERED OFFICE

No. 111, Negombo Road, Peliyagoda, Sri Lanka  
Telephone: (94 11) 482 2001  
Facsimile : (94 11) 482 2001  
E-mail : info@dilmahtea.com  
Website : www.dilmahtea.com

## STOCK EXCHANGE LISTING

The Ordinary Shares are listed on the Colombo Stock Exchange

## SUBSIDIARY

MJF Beverages (Pvt) Ltd

## BOARD OF DIRECTORS

### Chairman/Chief Executive Officer

Dilhan C Fernando - B.Sc

### Deputy Chairman

Himendra S Ranaweer

### Directors

Malik J. Fernando - B.Sc  
Roshan Tissaaratchy - B.A, MBA, DipM, FCIM  
Darshana Gunasekera - FCMA, FCCA, B.Sc  
Minette Perera - FCA, FCMA, FCCA  
Rajanayagam Asirwatham - FCA  
Ravi A. Fernando - DBA, MBA, MSt.(Cambridge)  
John Lo - MBA, B.Sc  
Anil L. N. Dias - FCMA, MBA

## COMPANY SECRETARY

Ms. Jayanga Wegodapola until 31.01.2025  
MJF Corporate Services (Pvt) Limited w.e.f. 01.02.2025

## BANKS

Bank of Ceylon  
Bank of China Limited  
Cargills Bank Limited  
Commercial Bank of Ceylon PLC  
Citibank N.A.  
DFCC Bank PLC  
Hatton National Bank PLC  
The Hongkong & Shanghai Banking Corporation Limited  
National Development Bank PLC  
Nations Trust Bank PLC  
Pan Asia Banking Corporation PLC  
People's Bank  
Standard Chartered Bank Limited

## AUDITORS

Ernst & Young,  
Chartered Accountants,  
Rotunda Towers,  
No. 109,  
Galle Road,  
Colombo 03.

## NOTES

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**Dilmah Ceylon Tea Company PLC**  
111 Negombo Road, Peliyagoda, Sri Lanka  
[www.dilmatea.com](http://www.dilmatea.com)