



## FINANCIAL CALENDAR 2022/23

1st Quarter Report  
2nd Quarter Report  
3rd Quarter Report  
4th Quarter Report  
Annual Report 2022/23  
72nd Annual General Meeting  
Interim Dividend

15th August 2022  
10th November 2022  
14th February 2023  
22nd May 2023  
7th June 2023  
30th June 2023  
11th May 2023

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## 1. GENERAL

The Board of Directors of Hayleys PLC has pleasure in presenting their Report on the affairs of the Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2023. The details set out herein provide the pertinent information required under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka and Finance Companies Corporate Governance Direction No 03 of 2008 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

## 2. REVIEW OF THE BUSINESS

### 2.1 Principal Business activities of the Company and the Group

Hayleys PLC is a holding Company that owns, directly or indirectly, investments in the numerous Companies constituting the Hayleys Group and provides services to its Group Companies. The Group consists of a portfolio of diverse business operations. The main subsidiaries and equity accounted investees of Hayleys PLC are listed on pages 446 to 450.

The Principal activities of the Group are categorised into different business sectors. i.e. Eco Solutions, Hand Protection, Purification Products, Textiles, Construction Materials, Agriculture, Plantations, Transportation & Logistics, Consumer & Retail, Power & Energy, Leisure and Others. The main activities of the sectors are described in the Portfolio Review pages on 121 to 234 of this Report.

There were no material changes in the nature of the business of the Company and the group during the financial year. The Directors to the best of their knowledge and belief, confirm that the Company and the Group has not engaged in any activity that contravene laws and regulations.

### 2.2 Review of operations of the Company and the Group

The Group's businesses and their performance during the year, with

comments on financial results, as well as future business developments are appraised in the Reflection from the Chairman (pages 36 to 45) and portfolio review (pages 121 to 234) of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important events that took place during the period. The investment/disposal activities during the year include the following:

- Purchase of shares – 1,157,037 (2.62%) ordinary shares of Unisyst Engineering PLC were purchased by Advantis Projects & Engineering (Pvt) Ltd.
- Purchase of shares – 240,000 ordinary shares of Advantis Ships (Pvt) Ltd held by Agility Logistics Ltd were purchased by Hayleys Advantis Limited.
- Purchase of shares – 200,000 (100%) ordinary shares of Colombo Cargo Express (Pvt) Ltd were purchased by Advantis Express (Pvt) Ltd.
- Purchase of shares – 12,750,000 (51%) ordinary shares of Horana Plantations PLC were purchased by Hayleys Plantation Services (Pvt) Ltd.
- Issue of shares – 150,000,000 ordinary shares of D P L Universal Gloves Limited were issued to Dipped Products PLC.
- Issue of Shares – 61,000,000 ordinary shares of Fentons Limited were issued to Hayleys PLC.
- ICOGUANTI S.p.A., incorporated DPL France SAS with 80% of shares owned by ICOGUANTI S.p.A. ICOGUANTI S.p.A. also acquired 96% ownership of ROZENBAL POLSKA Sp.z.o.o.

### 2.3 Financial Statements of the Company and the Group

The Financial Statements of the Company and the Group are given on pages 306 to 423 of this report.

### 2.4 Auditors' Report

The Auditor's Report on the Financial Statements of the Company and the Group is given on pages 302 to 305.

### 2.5 Accounting Policies and changes during the year

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 which requires compliance with Sri Lanka Accounting Standards. The detailed accounting policies adopted in the preparation of the Financial Statements are given on pages 317 to 341. There were no changes to the Accounting Policies used by the Group and the Company during the year.

### 2.6 Entries in the Interests Register

The Company, in compliance with the Companies Act No.7 of 2007, maintains an Interests Register. As further required by the Act, particulars of entries in the interests register of the Company and those subsidiaries which have not dispensed with the requirement to maintain interests registers, as permitted under Section 30 of the Companies Act, are detailed below.

#### 2.6.1 Directors' interest in transactions

The Directors of the Company and its Subsidiaries have made the general disclosures provided for in section 192(2) of the Companies Act No.7 of 2007. Note 38 to the Financial Statements dealing with related party disclosures includes details of their interests in transactions.

#### 2.6.2 Directors' interests in shares

Directors of the Company and its Subsidiaries who have relevant interests in the shares of the respective Companies have disclosed their shareholdings and any acquisitions/ disposals to their Boards, in compliance with section 200 of the Companies Act.

#### Hayleys PLC

Details of Directors' shareholdings in the Company are given on page 440. There were no changes in holdings during the period.

#### Dipped Products PLC

- 20,000 shares were purchased during the year by Mr. S.C. Ganegoda, Mr. S.C. Ganegoda is a Common Director for Hayleys PLC and Dipped Products PLC.

- 350,000 shares were purchased during the year by Mr. R.H.P. Janadheera, Managing Director of Dipped Products PLC.

- 825,000 shares were purchased during the year by Mr. H.S.R. Kariyawasan and Mrs. K.H.S. Kariyawasan (Joint Account), Mr. H.S.R. Kariyawasan is a Common Director for Hayleys PLC and Dipped Products PLC.

#### Talawakelle Tea Estates PLC

- 1,000 shares were purchased during the year by Dr. W.G.R. Ragadurai, Managing Director of Talawakelle Tea Estates PLC.

#### Haycarb PLC

- 25,000 shares were purchased during the year by Mr. S.C. Ganegoda, Mr. S.C. Ganegoda is a Common Director for Hayleys PLC and Haycarb PLC.
- 914,508 shares were purchased during the year by Mr. H.S.R. Kariyawasan and Mrs. K.H.S. Kariyawasan (Joint Account), Mr. H.S.R. Kariyawasan is a Common Director for Hayleys PLC and Haycarb PLC.
- 20,000 shares were purchased during the year by Mr. B. Balaratnarajah, Deputy Managing Director of Haycarb PLC.

#### Alumex PLC

- 63,400 shares were purchased during the year the year by Mr. S. C. Ganegoda, Mr. S.C. Ganegoda is a Common Director for Hayleys PLC and Alumex PLC.
- 16,342,620 shares were disposed during the year by Rosewood (Pvt) Ltd – Account No. 1, Mr. R.P. Pathirana, a Non-Executive Director and Mr. A.J. Hirdaramani (Alternate Director to Mr. R.P. Pathirana) of Alumex PLC are also Directors of Rosewood (Pvt) Ltd.

#### Kelani Valley Plantations PLC

- 2,000 shares were purchased during the year by Dr. W.G.R. Rajadurai, Managing Director of Kelani Valley Plantations PLC.

- 45,147 shares were purchased during the year by Mr. S. C. Ganegoda, Mr. S.C. Ganegoda is a Common Director for Hayleys PLC and Kelani Valley Plantations PLC.

#### Hayleys Leisure PLC

- 4,730 shares were purchased and disposed during the year by Ms. S. Amarasekara, spouse of Mr. S. H. Amarasekara an Independent Non-Executive Director of Hayleys Leisure PLC.

#### Hayleys Fabric PLC

- 40,000 shares were purchased during the year by Mr. M. W. R. N Somaratne, Independent Non-Executive Director of Hayleys Fabric PLC, out of which 15,000 shares were purchased through margin trading account Sampath Bank PLC/ Mr. M. W. R. N. Somaratne.

#### 2.6.3 Payment of remuneration to Directors

Executive Directors' remuneration is structured within an established framework by the Board's Remuneration Committee, to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of Executive Directors for the year ended 31st March 2023, which is given in Note 10 includes the value of perquisites granted to them as part of their terms of service.

The total remuneration of Non-Executive Directors for the year ended 31st March 2023, which is given in Note 10, is determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

#### 2.6.4 Insurance & Indemnity

The Company has obtained a Directors and Officers Liability insurance cover. This covers the liability towards the Directors and Officers of Hayleys Group in respect of past, present and future negligence subject to terms and conditions of the policy.

#### 2.7 Directors' Remuneration

Directors' remuneration, in respect of the Company for the financial year 2022/2023 is Rs. 780.44 mn (2022 - Rs. 640.75 mn) consisting of Rs. 767.98 mn for Executive Directors and Rs. 12.48 mn for Non- Executive Directors.

Directors' remuneration in respect of the Company's Subsidiaries for the financial year 2022/2023 is Rs. 2.79 bn (2022 - Rs. 2.16 bn) consisting of Rs. 2.07 bn for Executive Directors and Rs. 87.28 mn for Non-Executive.

#### 2.8 Corporate Donations

Donations by the Company amounted to Rs. 9.54 mn (2022 - Rs. 5.16 mn) which includes a sum of Rs. 27,000 (2022 - Rs. 42,000) made to Government approved charities. Donations by the Subsidiaries amounted to Rs. 53.03 mn (2022 - Rs. 37.11 mn).

#### 3. FUTURE DEVELOPMENTS

Future developments are discussed in the Reflection from the Chairman (pages 36 to 45), Portfolio review (pages 121 to 234) of this Report.

#### 4. GROUP REVENUE AND INTERNATIONAL TRADE

The revenue of the Group was Rs 487.43 bn (2022 - Rs. 338.01 bn) in the year under review. A detailed analysis of the Group's revenue, profit and asset allocation relating to different segments of the Group's businesses is given in Note 40 to the Financial Statements.

The Group's exports from Sri Lanka, amounted to Rs. 234.32 bn (2022 - Rs. 127.07 bn) at f.o.b. value in the year under review.

The Group's revenue from International Trade, which includes the revenue of overseas subsidiaries in addition to exports from Sri Lanka, amounted to Rs. 304.12 bn (2022 - Rs. 174.12 bn) in the year under review.

Trade between Group companies is conducted at fair market prices.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

### 5. PERFORMANCE AND RESERVES

#### 5.1. Performance

The Group's PBT amounted to Rs. 42.75 bn (2022 - Rs. 35.72 bn). After deducting Rs.15.08 bn (2022 - Rs. 7.62 bn) for taxation the profit was Rs. 27.67 bn (2022- Rs. 28.10 bn). When an amount of Rs. 11.32 bn (2022 - Rs. 9.84 bn) for non-controlling interests was deducted, the Group profit attributable to owners of the Parent for the year was Rs 16.35 bn (2022 - Rs. 18.26 bn).

#### 5.2 Reserves

Total Group Reserves at 31st March 2023 amounts to Rs. 77.36 bn (2022 - Rs. 65.81 bn) comprising Capital Reserves of Rs. 0.76 bn (2022 - Rs. 0.71 bn), Other components of equity of Rs. 31.46 bn (2022 - Rs. 30.08 bn) and Revenue Reserves of Rs. 45.13 bn (2022 - Rs. 35.03 bn). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

### 6. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure during the year, on Property, Plant & Equipment (including capital work-in-progress), Biological assets and Intangible assets by the Group and the Company amounted to Rs. 17.82 bn (2022 - Rs. 14.54 bn) and Rs. 151.96 mn (2022 - Rs. 35.79 mn) respectively.

Details relating to capital expenditure on Property, Plant & Equipment (including capital work-in-progress), Investment properties, Biological assets, Intangible assets, are given in Notes 13, 15, 16 and 17 to the Financial Statements.

Extents, locations, number of buildings and valuations of the properties of the Group are given in Statement of Value of Real Estate on pages 434 to 437.

### 7. MARKET VALUE OF FREEHOLD

The freehold land of the Group has in general been subjected to routine revaluation by independent qualified valuers. The most recent revaluations of the lands were carried out as at 31st March 2022. Details of revaluations, carrying values and market values are

provided in Note 13 to the Financial Statements. The Statement on Value of Real Estate on pages 434 to 437 gives details of freehold land held.

### 8. ISSUE OF SHARES AND DEBENTURES

#### 8.1 Issue of Shares and Debentures by the Company

The Company did not issue any shares or Debenture during the year ended 31st March 2023.

#### 8.2 Stated Capital and Debentures

The stated capital of the Company, consisting of 750,000,000 ordinary shares, amounts to Rs. 1,575 mn as at 31st March 2023. There was no change in stated capital during the year.

The debentures of the Company consist of the following:

- Thirty five million two hundred and sixty eight thousand two hundred (35,268,200 listed rated senior unsecured redeemable five year (2018/23) debentures amounting to Rs.3.5 bn.
- Thirty million (30,000,000) listed rated senior unsecured redeemable five year (2019/2024) debentures amounting to Rs.3 bn.

### 9. SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share, share trading and distribution of shareholding is given on pages 439 to 441.

### 10. SUBSTANTIAL SHAREHOLDINGS

#### 10.1 Major shareholdings

Details of the twenty largest shareholders of ordinary shares with the percentage of their respective holdings are given on page 439.

#### 10.2 Public Holding

There were 16,384 (2022 - 14,357) registered shareholders as at 31st March 2023. The percentage of shares held by the public, as per the Colombo Stock Exchange rules being 37.10% (2022 - 37.09%).

### 11. DIRECTORS

#### Hayleys PLC

The names of the Directors who held office during the financial year are given below. The brief profiles of the Board of Directors appear on pages 46 to 51.

#### Executive Directors

- Mr. A. M. Pandithage (Chairman & Chief Executive)
- Mr. S. C. Ganegoda
- Mr. H. S. R. Kariyawasan
- Mr. L. R. V. Waidyaratne
- Mrs. J. Dharmasena
- Mr. R. J. Karunarajah

#### Independent Non-Executive Directors

- Dr. H. Cabral, PC
- Mr. M. H. Jamaldeen
- Mr. M. Y. A. Perera
- Mr. K. D. G. Gunaratne

The basis on which Directors are classified as Independent Non-Executive Directors is discussed in the Corporate Governance Report.

Mr. K. D. G. Gunaratne, Mr. M. H. Jamaldeen and Ms. J. Dharmasena retire by rotation and being eligible offer themselves for re-election.

Pursuant to section 211 of the Companies Act No.07 of 2007 ordinary Resolution will be put before the shareholders for the re-appointment of Mr. A. M. Pandithage notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act.

Mr. K. D. D. Perera who serves as Co-Chairman and Non-Executive Director of the Company has resigned from the Board of Directors with effect from 10th June 2022. Consequently, Mr. Perera's Alternate Director Ms. A. A. K. Amarasinghe ceased to be his Alternate Director with effect from 10th June 2022.

## Subsidiaries

The names of Directors holding office at the end of the financial year in respect of Subsidiaries, grouped under sectors, are given below. Names of Directors who ceased to hold office during the year are given within brackets.

<b>Eco Solutions</b>			
A. M. Pandithage	H. S. R. Kariyawasan	S. C. Ganegoda	M. M. A. R. P. Goonathilleke
D. K. De S Wijeyeratne	T. G. Thoradeniya	Dr. S. A. B. Ekanayake	L. Uralagamage
C.D. Weiland	A. Venugopal	A. R. K. Jayawardena	Ms. M. Shiraishi
Ms. M. Hirai	J. A. M. V. D. Hout	T. Fukushima	S. Fukushima
Ms. I. Weiland	Dr. T. K. D. A. P. Samarasinghe	L. A. K. I. Kodytuakku	M. C. Sampath
W. A. K. Kumara	H. C. S Mendis	G. Chapman - Alternate	Ms. K. A. D. B. Perera
<b>Hand Protection</b>			
A. M. Pandithage	H. S. R. Kariyawasan	R. H. P. Janadheera	S. C. Ganegoda
Ms. K. A. D. B. Perera	S. A. N. Pushpakumara	N. A. R. R. S. Nanayakkara	S. Rajapakse
F. Mohideen	K. D. G. Gunaratne	S. P. Peiris	T. G. Thoradeniya
M. Orlando	K. M. D. I. Prasad	G. Molinari	B. A. D. H. C. Mahipala
B. K. C. R. Ratnasiri	Dr. R. M. U. N. Ratnayake	M. U. A. Fonseka	D. P. P. Mendis
(K. D. D. Perera)	(Ng Soon Huat)	(Ms. Y. Bhaskaran - Alternate)	(M. Bottino)
<b>Purification Products</b>			
A. M. Pandithage	H. S. R. Kariyawasan	B. Balaratnaraja	A. M. Senaratna
S. C. Ganegoda	Ms. M. J. A. S. Abeyratne	Dr. S. A. K. Abayawardana	M. S. P. Udaya Kumara
S. Rajapakse	Ms. K. A. D. B. Perera	M. H. Jamaldeen	J. D. Naylor
M. Wickramasinghe	B. P. R. Liyanage	K. Karnchanabatr	Ms. H. N. N. S. Gunawardana
P. Karnchanabatr	B. Karnchanabatr	Ms. C. Karnchanabatr	T. Karnchanabatr
Y. P. A. S. Pathiratna	A. A. M. Caderbhoy	R. Mapahena	R. K. A. Karim
R. Bittel	M. Marques	J. Yaurai	G. Dourdin
W. Y. Fei	E. Srinivasulu	I. A. S. L. Athukorala	Ms. S. Raje Singh
L. Teague	A. Karunarathne	A. Munevar	(Ms. Y. Bhaskaran -Alternate)
(E. Senduk)	(G. Brar)	(K. D. D. Perera)	(G. Gunawarane)
<b>Textiles</b>			
A. M. Pandithage	E. R. P. Goonetilleke	S. C. Ganegoda	Ms. K. A. D. B. Perera
R. N. Somaratne	Dr. N. S. J. Nawaratne	A. S. Jayatilleke	H. Somashantha
I. B. R. R. Bandara	M. H. Jayasinghe	K. P. C. P. K. Pathirana	(K. D. D Perera)
(Ms. Y. Baskaran-Alternate)			
<b>Construction Materials</b>			
A. M. Pandithage	D. W. P. N. Dediwela	S. C. Ganegoda	R. P. P. K. Rajapaksha
R. P. Pathirana	A. A. Akbarally	Dr. H. Cabral, PC	S. Munaweera
A. J. Hirdaramani -Alternate	T. Akbarally -Alternate		
<b>Plantations</b>			
A. M. Pandithage	Dr. W. G. R. Rajadurai	A. Weerakoon	S. C. Ganegoda
S. B. Alawattagama	M. H. Jamaldeen	C. V. Cabraal	Merrill J Fernando
Malik J. Fernando	S. L. Athukorala	P. A. L. Fernando	Ms. M. D. A. Perera
N. T. Bogahalanda	F. Mohideen	N. R. Ranatunge	M. F. M. Ismail
S. C. Hikkaduwege	N. A. R. R. S. Nanayakkara	M. Kariyapperuma	T. M. L. J. Peris
R. J. Karunarajah	R. S. Samarasinghe	N. Ekanayake	D. C. Fernando -Alternate
(J. A. G. Anandarajah)	(Ng Soon Huat)	(L. N. De S Wijeyeratne)	

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

Agriculture			
A. M. Pandithage	Ms. J. Dharmasena	S. C. Ganegoda	A. S. Balasooriya
S. M. Gamage	O. P. K. Chandasiri	L. N. Abesekara	S. Rajapakse
M. Symons	A. C.Pathirage	G. Olbrechts	W. A. A. P. Wanasighe
S. Kodama	Ms. D.G.Talpathewa	Dr. M. A. S. Mallawaarachchi	J. P. A. D. Rajapakse
S. I. H. M. M. Rahman	M. Yamahara	S. P. Gamage	S. M. N. S. Samarakoon
K. D. S. Kiriwaththuduwage	A. N. K. Perera	S. R. Rajapakshe	S. K. Herath
H. P. S. V. K. Silva (M. A. Rajap)	W. A. S. P. Wanasighe (D. Nilaweera)	S. A. B. Wijeratne (L. K. B. Godamunne)	A. Samarasinghe
Consumer & Retail			
A. M. Pandithage	J. A. M. W. Jayasekera	S. C. Ganegoda	M. H. Wijewardene
L. R. V. Waidyaratne	M. Y. A. Perera	M. H. Jamaldeen	J. M. J. Perera
S. L. Athukorala	D. K. de S. Wijeyeratne	D. Sooriyaarachchi	Ms. K. A. D. B. Perera
N. L. S. Joseph	K. D. Kospelawatta	D. H. Fernando	A. K. Halambaarachchige
N. M. P. Fernando	K. D. G. Gunaratne	Ms. H. M. G. De Alwis	R. De Silva
K. M. S. P. Herath	R. S. Kulasuriya	Ms. W. A. I. Sugathadasa	B. T. L. Mendis
W. A. S. Tharanga	T. A. Amarasuriya	Ms. D. G. Talpathewa	H. P. S. Perera -Alternate
T. M. V. Tenakoon (L. S. S. Perera)	L. A. D. K. Perera - Alternate (K. D. D. Perera)	V. J. S. Perera - Alternate (Ms. A. A. K. Amarasinghe - Alternate)	A. C. M. Irzan - Alternate (K. T. R. Chithrasiri - Alternate)
Leisure			
A. M. Pandithage	R. J. Karunarajah	S. C. Ganegoda	Ms. R. N. Ponnambalam
M. H. Jamaldeen	Ms. W. D. De Costa	T. A. B. Speldewinde	Ms. K. A. D. B. Perera
R. De Silva	J P Van Twest	R. S. Tissanayagam	K. T. M. De Soysa
S. J. Wijesinghe	D. L. C. Fernando	Ms. I. Jamaldeen	N. J. De S. Deva-Aditya
P. N. R. Dias	S. H. Amarasekera	S. I. Wijesinghe	R. Dissanayake
Capt. J. L. C. Fernando	(K. D. D. Perera)	(Ms. A. A. K. Amarasinghe - Alternate)	(L. N. De. S. Wijeyeratne)
Industry Inputs and Power & Energy			
A. M. Pandithage	J. A. W. M. Jayasekera	S. C. Ganegoda	Ms. W. A. I. Sugathadasa
M. Y. A. Perera	A. R. De Zilva	C. Kapugeekiyana	Malik J. Fernando
S. M. H. C. Jayasiri	W. A. S. Tharanga	D. Rangalle	H. Akbarally
M. Najmudeen	Dr. W.G.R. Rajadurai	D. C. E. de Mel	Merill J. Fernando
K. B. M. I. Perera (D. S. Arangala)	H. A. Wijayananda	P. M. Hirdaramani	L. R. V. Waidyaratne
Transportation & Logistics			
A. M. Pandithage	L. R. V. Waidyaratne	S. C. Ganegoda	M. Y. A. Perera
A. B. Ratnayake	Ms. E. M. C. S. Gamage	A. M. Senaratna	M. I. S. Sabar
T. U. K. Peiris	C. James	D. Rangalle	A. R. Jowhersha
K. P. Katulanda	A. G. Babonneau	P. Jayanetti	A. S. Jayatilleke
F. S. Abeygoonewardena	S. J. Wijesinghe	R. Angkriwan	C. I. J. Charles
M. S. M. Rizan	Z. Feng	S. Karunaratne	Capt. P. L. Cumaratunga
J. C. Anandappa	H. A. H. Rodrigo	R. Hassan	I. S. Jayathilaka
M. S. M. Ibrahim	M. Isobe	S. N. Wickremesooriya	S. Munaweera
M. A. J. Ranatunge	A. Saaid	X. M. M. Eiglier	C. K. de Zoysa
R. A. Perera	W. D. K. de Silva	J. Mathew	W. Y. Fei
M. Haijiao	M. A. Muttalib	T. S. D. Peiris	R. P. Edirisinghe
D. Fernando	J. G. Victoria	K. D. Wimalaratne	Ms. C. R. K. Bandara
C. Gazara	H. R. S. Gunawardena	T. Vaseeharan	G. Ramakrishnan
D. T. L. Sanjeewa	R. S. Ramakrishnan	S. Djohan	W. W. J. L. Fernando

Transportation & Logistics			
A. R. Barnet	M. Nabeel	L. Senanayake	Ms. Z. Yinghui
M. P. Punchihewa	N. P. Samarasinghe	Ms. I. Shaheen	Ms. D. S. Ediriweera
A. V. A. Perera	S. I. Ramakrishnan	J. Sheriff	R. L. Karunartne
C. N. J. Gunawardena	S. K. J. Wijayasinghe	A. L. Weerasinghe	K. Celly
K. S. R. de Abrew	K. Abeywickrama	Ms. S. S. de Silva	M. M. Hossain
D. A. A. Mon	J. R. U. De Silva	S. I. S. M. H. S. Alhashimi	J. D. F. Peries
S. E. J. Abeyesundere	R. E. Lisapaly	D. H. Lee	Ms. V. Jayasundera
A. A. Djohan	M. S. Thin	D. J. A. Wijesinghe	H. T. N. Perera
T. Hanajima	K. L. C. Fernando	S. Mahadeva	C. P. De Souza
R. Evert	K. M. A. Fernando	V. V. P. Daluwatte	P. J. Ng
U. L. J. Perera - Alternate	K. O. I. C. Fernando - Alternate	I. A. V. A. Perera -Alternate	H. Ishizaki -Alternate
W. Kuroda	(F. J. R. Leleux)	(M. P. Kurukulasuriya)	(A. Herzhauser)
(U. I. B. Dunuwilla)	(R. J. N. Romanet)	(M. G. I. Ahamed)	(F. Pieris)
(I. A. M. Gahazali)	(H. Kubota)	(R. W. P. Polonowita)	(T. Yamada)
(H. K. Somiya)	(E. J. Pietersz)	(A. G. Babonnell)	
Others			
A. M. Pandithage	S. C. Ganegoda	M. H. Jamaldeen	Dr. H. Cabral, PC
H. C. Prematillake	M. Y.A. Perera	N. M. P. Fernando	D. Rangalle
T. M. Hewagama	E. R. P. Goonetilleke	M. S. Mohamed	R. Malewana
P. D. J. Gunawawardena	Ms. D. G. Talpahewa	R. S. S. Perera	L. Somarathna
N. J. C. De Mel	H. P. G. S. E. M. De Alwis	G. J. W. De Silva	T. G. Thoradeniya
A. Mathagaweera	S. Samarathunga	(C. De Silva)	

## 12. DISCLOSURE OF DIRECTORS' DEALING IN SHARES AND DEBENTURES

Directors' dealings in shares are given under Note 2.6.2 of this report.

Directors' holdings, in ordinary shares of the Company are given on page 440.

None of the Directors hold debentures in Hayleys PLC.

## 13. EMPLOYEE SHARE OWNERSHIP PLANS

The Company does not operate any share option schemes.

## 14. DIRECTORS' DISCLOSURE OF INTEREST

Disclosure of interest by the Directors of the Company and its subsidiaries are detailed in Note 2.6 above.

## 15. RELATED PARTY TRANSACTIONS

The Board of Directors has given the following statement in respect of the related party transactions.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing rules. Please refer page 298 for RPTRC report.

## 16. ENVIRONMENTAL PROTECTION

The Group's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on pages 272 to 283.

## 17. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and those related to employees have been made on time.

The declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on page 297.

## 18. EVENTS AFTER THE REPORTING DATE

No event of material significance that requires adjustment to the Financial Statements, has occurred subsequent to the date of the reporting date, other than those disclosed in Note 35 to the Financial Statements on page 408.

## 19. GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

## 20. EXPOSURE TO RISK

The Group has a structured risk management process in place to support its operations.

## ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Hayleys Board Audit Committee and the sector Audit Committees play a major role in this process. The Risk Management section of this report elaborates these practices and the Group's risk factors.

### 21. APPOINTMENT OF AUDITORS

A resolution for the re-appointment of Messrs Ernest & Young, Chartered Accountants, as auditors of the company for the year 2023/24 will be proposed at the Annual General Meeting.

### 22. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS

A resolution authorising the Directors to determine their remuneration will be submitted at the Annual General Meeting.

The Auditors, Messrs Ernst & Young were paid Rs. 2.59 mn (Rs. 2.31 mn), and Rs. 66.58 mn (Rs. 57.82 mn) as audit fees by the Company and its Subsidiaries respectively. In addition, they were paid Rs. 2.77 mn (Rs. 2.03 mn) and Rs. 48.85 mn (Rs. 38.59 mn), by the Company and its Subsidiaries respectively, for non-audit related work, which consisted mainly of tax consultancy services.

In addition to the above, Group companies, both local and overseas, engage other audit firms. Audit fees and payments relating to non-audit work in respect of these firms amount to Rs. 64.45 mn (Rs. 39.59 mn) and Rs. 39.81 mn (Rs. 19.76 mn) respectively.

The Auditors of the Company and its Subsidiaries, have confirmed that they do not have any relationships (other than that of Auditor) with, or interests in, the Company or any of its Subsidiaries.

### 23. RATIOS AND MARKET PRICE INFORMATION

The information relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on pages 439 to 441, and page 20 of this Report.

### 24. EMPLOYEES & INDUSTRIAL RELATIONS

The Group has a structure and a culture that recognises the aspirations, competencies and commitment of its employees. Career growth and advancement within the Group is promoted.

Details of Group's human resource practices and employee and industrial relationships are given in Social Performance section of the Sustainability Review.

The number of persons employed by the Group at year-end was 31,483 (2022 - 32,840).

### 25. SHAREHOLDERS

It is the Group's policy to endeavour to ensure equitable treatment to its shareholders.

### 26. INTERNAL CONTROLS

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

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

### 27. BOARD SUB COMMITTEE

Please refer page 295 to 300 for the Board sub committee reports.

### 28. CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange. The Corporate Governance Report on pages 56 to 80 discusses this further.

### 29. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the registered office No. 400, Deans Road, Colombo 10, Sri Lanka on Friday, 30th June 2023 at 1.30 p.m. The Notice of the Annual General Meeting appears on page 466.

For and on behalf of the Board



**Mohan Pandithage**

Chairman & Chief Executive



**Sarath Ganegoda**

Director



**Hayleys Group Services (Private) Limited.**

Secretaries

19th May 2023

Comparative figures are shown in bracket



# CHAIRMAN & CHIEF EXECUTIVE'S AND GROUP CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of Hayleys PLC and the Consolidated Financial Statements of the Group as at 31st March 2023 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by CA Sri Lanka;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka;
- Finance Companies Corporate Governance Direction No 03 of 2008 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011.

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on pages 302 to 305 of the Annual Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services do not impair their independence.

We confirm that,

- the Company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the Group other than those disclosed in the Note 32 to the Financial Statements in this Annual Report.



**Mohan Pandithage**

Chairman & Chief Executive



**Milinda Hewagama**

Group Chief Financial Officer

19th May 2023

# DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

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

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

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

- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Management Audit and System Review Department (MA & SRD) to review and report on the internal control environment in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.

- The Audit Committee reviews internal control issues identified by MA & SRD and management, and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings of Hayleys PLC.
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2021/22 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

## Conclusion

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

The Board of Directors confirm that the financial reporting system of Hayleys PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



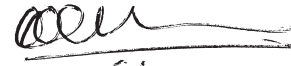
**Mohan Pandithage**

Chairman & Chief Executive



**Sarath Ganegoda**

Director



**Aravinda Perera**

Chairman, Audit Committee

19th May 2023

# NOMINATION COMMITTEE REPORT

## Composition

- A. M. Pandithage (ED) - Chairman
- Dr. H. Cabral PC (IND/NED)
- M. Y. A. Perera (IND/NED) - appointed w.e.f 21st April 2023
- K. D. D. Perera (NED) – resigned w.e.f. 10th June 2022

ED - Executive Director

NED - Non - Executive Director

IND/NED - Independent Non-Executive Director

(Refer pages 46 to 51 for a brief profile of the Directors)

## Attendance at Committee Meetings

Director	Attendance
A. M. Pandithage	9/9
Dr. H. Cabral PC	9/9
K. D. D. Perera	1/2

## Duties of the Nomination Committee

- Consider the making of any appointment of new Directors or re-electing current Directors to the Board.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, composition and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any matter referred by the Board of Directors.
- The Committee has recommended based on the performance and the contribution made to achieve the objectives of the Board to re-elect Mr. K. D. G. Gunaratne, Mr. M. H. Jamaldeen and Ms. J. Dharmasena to the Board at the Annual General Meeting to be held on 30th June 2023.
- The Committee has recommended to re-appoint Mr. A. M. Pandithage who retires having attained the age of seventy two years at the Annual General Meeting to be held on 30th June 2023.



**Mohan Pandithage**

Chairman

Nomination Committee

19th May 2023

# REMUNERATION COMMITTEE REPORT

## Composition

- Dr. H. Cabral, PC (IND/NED) - Chairman
- M. Y. A. Perera (IND/NED)
- M. H. Jamaldeen (IND/NED)
- K. D. G. Gunaratne (IND/NED) - appointed w.e.f 21st April 2023
- K. D. D. Perera (NED) - resigned w.e.f 10th June 2022

IND/NED - Independent Non-Executive Director,  
NED - Non-Executive Director  
(Refer to pages 46 to 51 for a brief profile of the Directors)

The Chairman & Chief Executive assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

## Attendance at Committee Meetings

Director	Attendance
Dr. H. Cabral, PC	2/2
M. Y. A. Perera	2/2
M. H. Jamaldeen	2/2
K. D. D. Perera	1/1

## Duties of the Remuneration Committee

The Committee is vested with power to evaluate, assess, decide and recommend to the Board of Directors on any matter that may affect Human Resources Management of the Company and the Group and specifically include:

- Determining the compensation of the Chairman & Chief Executive, Executive Directors and the Members of the Group Management Committee.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Group taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Review information related to executive pay from time to time to ensure same is in par with the market/ industry rates.
- Evaluate the performance of the Chairman & Chief Executive and Key Management Personnel against the predetermined targets and goals.
- Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- Approving annual salary increments and bonuses

## Remuneration Policy

The remuneration policy is to attract and retain a highly qualified and experienced work force, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

## Activities in 2022/23

- During the year the Committee reviewed the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on the targets set in the previous year and determined the bonus payable and the annual increments.
- Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.

**Dr. Harsha Cabral, PC.**

Chairman

Remuneration Committee

19th May 2023

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under sections 150 (1), 151, 152 (1), & 153 of the Companies Act No. 7 of 2007 ("The Companies Act"), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit & loss of the Company and the Group for the financial year.

The Directors are also responsible, under section 148, the Companies Act to ensure that proper accounting records are kept to enable, determination of the financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS), the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect fraud and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the interim dividend paid and a solvency certificate was obtained from the Auditors in respect of the said interim dividend paid.

The external Auditors, Messrs Ernst & Young, Chartered Accountants who were re- appointed in terms of the Companies Act No. 7 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 302 to 305 sets out their responsibilities in relation to the Financial Statements.

## Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company and its Subsidiaries as at the Balance Sheet date have been paid or provided where relevant.

By order of the Board

## Hayleys Group Services (Private) Limited



Secretaries

19th May 2023

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Board has established the Related Party Transaction Review Committee in terms of the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange..

## Composition

- Dr. H. Cabral, PC (IND/NED) - Chairman
- Mr. M.Y.A. Perera (IND/NED)
- Mr. S.C. Ganegoda (ED)

ED - Executive Director  
IND/NED - Independent Non-Executive Director

(Refer pages 46 to 51 for a brief profile of the Directors)

## Attendance at Committee Meetings

Director	Attendance
Dr. H. Cabral, PC	4/4
Mr. M. Y. A. Perera	4/4
Mr. S. C. Ganegoda	4/4

## Duties of the Related Party Transactions Committee

- To review in advance all proposed related party transactions of the Group 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.
- Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- 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 asset of the related party transaction.

## ACTIVITIES IN 2022/23

- During the year the Committee reviewed the related party transactions and their compliances in Hayleys PLC and the its Group Companies and communicated the same to the Board and relevant Companies.
- The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the management.

**Dr. Harsha Cabral, PC.**

Chairman

Related Party Transactions Review Committee

17th May 2023

# AUDIT COMMITTEE REPORT

## COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises the following four Independent Non-Executive Directors.

- Mr. M. Y. A. Perera (Chairman)
- Dr. H. Cabral
- Mr. M. H. Jamaldeen
- Mr. K. D. G. Gunaratne

Brief profiles of each member are given on pages 46 to 51 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Company Secretaries act as the secretary to the audit committee. The Chairman & Chief Executive, Group Chief Financial officer and Head - Group Management Audit & System Review attend all the meetings of the Committee by invitation.

## CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee are included. The Charter of the Committee was last reviewed and approved by the Board in April 2022. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

'Rules on Corporate Governance' under listing rules of the Colombo Stock Exchange, 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka 2017 and in the case of the subsidiary company, Singer Finance (Lanka) PLC ' Finance Leasing (Corporate Governance) Direction No 03 of 2008 issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011', further regulate the composition, roles and functions of the Board Audit Committee.

## MEETINGS OF THE AUDIT COMMITTEE

The Committee met 4 times during the year. The attendance of the members at these meetings is stated in the table on page 66.

Other members of the Board and the Group Management Committee, as well as the External Auditors were present at discussions where it was appropriate. The proceedings of the Audit Committee are regularly reported to the Board of Directors.

## THE AUTHORITY OF THE AUDIT COMMITTEE

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- The audit committee shall establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.

- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

## ACTIVITIES IN 2022/23

### FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance and Directors-in-charge of operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to its members.

### INTERNAL AUDITS

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Group Management Audit & Systems Review Department reports on key control elements and procedures in Group companies that are selected according to a group annual audit plan. During the year 2022/23, 650 audits were performed covering all 12 sectors of the group. The committee obtained the significant findings of the internal

## AUDIT COMMITTEE REPORT

auditors and reviewed the responses of the management. The recommendations made by the internal auditors for improvement were discussed.

Internal Audits were outsourced in financial year 2022/23 to leading audit firms in line with an agreed annual group audit plan. The Committee also invited representatives from the audit firms to make presentations on their observations and findings.

Follow up reviews were scheduled to ascertain that audit recommendations are being acted upon.

The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

### RISK MANAGEMENT

The Committee obtained and reviewed statements from the Heads of Business Sectors identifying their respective major business risks, mitigatory action taken or contemplated for management of these risks. The COSO Enterprise Risk Reporting Process is presently being implemented within the group.

Review of the risk management, internal controls, business continuity planning and information security systems are carried out and appropriate remedial actions are recommended to the board.

### SUBSIDIARY COMPANY AUDIT COMMITTEES

Within the Hayleys Group 16 listed subsidiaries and 5 unlisted subsidiaries have appointed their own Audit Committees comprising Independent Non-Executive Directors and have met four times each during the year 2022/23. These Audit Committees function independent of the Audit Committee of Hayleys PLC but have similar terms of reference. The minutes of their meetings were made available to the Hayleys Audit Committee.

### EXTERNAL AUDITS

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Group Companies. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial actions were recommended wherever necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as Auditors has not been compromised.

### APPOINTMENT OF EXTERNAL AUDITORS

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young, continue as Auditors for the financial year ending 31st March 2024 after evaluating the scope, delivery of the audit, resources and the quality of the assurance initiatives taken during the year financial year 2022/23.

### COMPLIANCE

The Committee obtained representations from Group Companies on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Group Companies certifying their compliance with relevant statutory requirements. Further, the Committee obtained regular updates from Head of HR and Legal regarding compliance matters.

### ETHICS AND GOOD GOVERNANCE

The Committee continuously emphasised on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistle-Blowers Policies were put in place and are followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The Whistle-Blower Policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

### SRI LANKA ACCOUNTING STANDARDS

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors.

#### Progress of implementation of SLFRS:

The Committee continuously monitored the progress of implementation of SLFRS as per the requirements of Sri Lanka Accounting Standards.

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The committee has pursued the support of Messrs Ernst and Young to assess and review the existing SLFRS policies and procedures adopted by the Group.

### SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.

#### Evaluation of the Committee:

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the group, the Committee has been rated as highly effective.



**Aravinda Perera**

Chairman

Audit Committee.

17th May 2023



# A Promise of Continuity

We assure our stakeholders of a shared future of prosperity and abundance, remaining in a constant state of motion and continuous improvement.



*Koi enjoy relatively long lifespans, which can span decades, and at times centuries. It is believed that the oldest known koi lived to be 226 years old. This longevity is due to its resilient nature, and the maintenance of the right conditions for survival.*

# INDEPENDENT AUDITORS' REPORT



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
P.O. Box 101  
Colombo 10  
Sri Lanka

Tel : +94 11 2463500  
Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
eysl@lk.ey.com  
ey.com

## TO THE SHAREHOLDERS OF HAYLEYS PLC

### Report on the audit of the Consolidated Financial Statements

#### Opinion

We have audited the financial statements of Hayleys 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 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and

Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the auditors’ 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 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 the auditors’ 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 Auditors’ 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
<p><b>Revenue</b></p> <p>The Group derived its revenue of Rs. 487 billion from diverse industry segments as disclosed in Notes 3.22 and 6 in the financial statements.</p> <p>Revenue was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>the significance of the amount generated from industry specific sales arrangements for products and services coupled with the significant net increase (44%) in revenue recorded by the Group during the year and;</li> <li>considerations to be made on terms attached to sales arrangements, particularly relating to the timing of transferring control over goods sold and services provided.</li> </ul>	<p>Our audit procedures to address this area of focus included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the nature of revenue contracts entered into by industry segments of the Group and performed inquiries of management and appropriate analytical procedures to understand and assess the reasonableness of reported revenues,</li> <li>where appropriate, evaluated the design of internal controls and tested the operating effectiveness of relevant controls relating to the sale of goods and services,</li> <li>tested the appropriateness of revenue recognised by reviewing relevant sales contracts and other relevant supporting documents, and</li> <li>tested transactions recorded at year-end, assessing whether revenue was recognised in the correct accounting period, particularly testing how terms of sales arrangements were considered within the revenue recognition process.</li> </ul> <p>We also assessed the adequacy of the disclosures in respect of revenue in Notes 3.22 and 6 to the financial statements.</p>

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of inventories</b>	
<p>As of the reporting date, the Group carried inventories amounting to Rs. 88 billion as disclosed in Note 21.</p> <p>The measurement of inventories was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>the existence of diverse industry specific inventories which are significant to the Group's financial statements (represented 21% of the Group's total assets) and;</li> <li>the use of significant management judgement over identifying inventories requiring write down to net realisable value (NRV), and estimates applied in the determination of allowances for slow moving and obsolete inventories.</li> </ul>	<p>Our audit procedures to address this area of focus included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of inventories maintained by industry segments, together with key processes and controls relating to the recording and measurement of inventories,</li> <li>tested the accuracy and completeness of inventory age reports used in the estimation of allowances for slow moving and obsolete inventories, and</li> <li>assessed the reasonableness of judgements applied in the write down of inventories to NRV and estimation of allowances for slow moving and obsolete inventories.</li> </ul> <p>We also assessed the adequacy of disclosures made in relation to the measurement of inventories in Notes 5.6 and 21 to the financial statements.</p>
<b>Impairment allowance for current and non-current trade and other receivables in the Consumer &amp; Retail segment of the Group</b>	
<p>The Group has recognised an allowance for expected credit losses of Rs. 6.8 billion for current and non-current trade and other receivables as disclosed in Note 22 in the financial statements. The allowance recorded in the Consumer and Retail segment of the Group amounts to Rs. 4.3 billion.</p> <p>The impairment allowance for current and non-current trade and other receivables in the Consumer &amp; Retail segment of the Group was a key audit matter due to;</p> <ul style="list-style-type: none"> <li>the degree of judgements, significance of assumptions and level of estimation uncertainty associated with estimating future cash flows management expects to receive from such financial assets.</li> </ul> <p>Such assumptions, judgements and estimates include incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>We evaluated the competence and independence of the firm of chartered accountants performing the component audit of the Consumer and Retail segment.</li> <li>With the involvement of component auditors where relevant, we <ul style="list-style-type: none"> <li>assessed the appropriateness of the selection of accounting policies based on the requirements of the SLFRS 09, business understanding and industry practice,</li> <li>evaluated the appropriateness of the management approach over the application and use of practical expedients applied for SLFRS 9,</li> <li>assessed management's processes, systems and controls implemented over impairment assessment, including the completeness, accuracy and relevance of data used,</li> <li>assessed the logics and compilation of the overdue information of loans and advances, finance lease receivables and hire purchases,</li> <li>evaluated the appropriateness of the assumptions used based on knowledge and information of the client and the industry and assessed whether the macro economic factors have been used with the latest available information to assess that the latest economic forecasts have been used, and</li> <li>tested the mathematical accuracy of models applied and post- model adjustments.</li> </ul> </li> </ul> <p>We have also assessed the adequacy of the disclosures made in Note 3.9 and Note 22 in the financial statements.</p>

## INDEPENDENT AUDITORS' REPORT

### Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The Management is responsible for the other information.

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

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

### Responsibilities of management and those charged with governance

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.

### Auditors' 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 auditors' 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

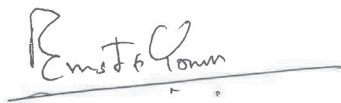
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 2440.



19 May 2023

Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA FCMA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

# STATEMENT OF PROFIT OR LOSS

For the year ended 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Revenue</b>	6	487,430,881	338,009,580	608,270	497,642
Cost of sales		(363,772,324)	(258,715,354)	(467,357)	(379,217)
Direct interest cost		(4,424,524)	(1,920,345)	-	-
<b>Gross profit</b>		119,234,033	77,373,881	140,913	118,425
Group dividend		-	-	5,897,496	5,145,509
Other income	7	4,279,601	1,997,601	-	13,111
Distribution expenses		(13,764,885)	(12,514,847)	-	-
Administrative expenses		(47,498,694)	(32,842,133)	721,291	257,512
Other expenses	8	(1,177,308)	(420,743)	(306)	(6,089)
<b>Results from operating activities</b>		61,072,747	33,593,759	6,759,394	5,528,468
Finance income	9	20,720,866	16,831,989	609,056	188,410
Finance cost	9	(39,538,267)	(14,882,770)	(5,276,184)	(2,219,372)
<b>Net finance cost</b>		(18,817,401)	1,949,219	(4,667,128)	(2,030,962)
Change in fair value of investment properties	15	347,457	328,543	5,900	9,250
Share of profit of equity accounted investees (net of tax)	18	540,978	226,794	-	-
Value added tax on financial services		(394,713)	(381,570)	-	-
<b>Profit before tax</b>	10	42,749,068	35,716,745	2,098,166	3,506,756
Tax expense	11	(15,076,768)	(7,617,844)	(197,146)	139,979
<b>Profit for the year</b>		27,672,300	28,098,901	1,901,020	3,646,735
<b>Profit for the period attributable to:</b>					
Owners of the parent		16,351,845	18,256,527	1,901,020	3,646,735
Non-controlling interest		11,320,455	9,842,374	-	-
<b>Profit for the year</b>		27,672,300	28,098,901	1,901,020	3,646,735
<b>Earnings per share</b>					
Basic - (Rs.)	12	21.80	24.34	2.53	4.86
Diluted - (Rs.)	12	21.80	24.34	2.53	4.86
<b>Dividend per share (Rs.)</b>	12			5.35	4.00

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit for the year		27,672,300	28,098,901	1,901,020	3,646,735
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to the Statement of Profit or Loss</b>					
Revaluation of land	13	-	3,482,837	-	-
Actuarial loss on employee benefit obligations	28	(319,375)	(455,365)	(47,227)	(140,653)
Net change on equity instruments designated at fair value through other comprehensive income		16,102	94,263	-	-
Tax on other comprehensive income	11	(1,220,325)	(540,638)	2,125	2,730
<b>Items that will be reclassified subsequently to the Statement of Profit or Loss</b>					
Net exchange differences on translation of foreign operations		2,794,488	7,963,619	-	-
Net gain/(loss) on cash flow hedges		154,017	(1,782,572)	-	-
Share of other comprehensive income of equity accounted investees		664,640	(341)	-	-
<b>Total other comprehensive income for the year, net of tax</b>		<b>2,089,547</b>	<b>8,761,803</b>	<b>(45,102)</b>	<b>(137,923)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>29,761,847</b>	<b>36,860,704</b>	<b>1,855,918</b>	<b>3,508,812</b>
<b>Total comprehensive income for the year attributable to:</b>					
Owners of the parent		17,552,656	23,397,488	1,855,918	3,508,812
Non- controlling interest		12,209,191	13,463,216	-	-
		<b>29,761,847</b>	<b>36,860,704</b>	<b>1,855,918</b>	<b>3,508,812</b>

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

# STATEMENT OF FINANCIAL POSITION

For the year ended 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant & equipment	13	126,306,985	111,189,851	202,883	100,095
Right-of-use assets	14	12,190,393	11,389,087	127,664	191,497
Investment properties	15	1,948,326	2,601,101	94,750	88,850
Biological assets	16	1,313,069	599,064	-	-
Intangible assets	17	16,376,051	15,544,031	65,245	74,310
Investments in subsidiaries	18	-	-	39,630,538	38,903,712
Investments in equity accounted investees	18	3,364,373	2,164,377	1,504,863	1,504,863
Other non-current financial assets	19	941,292	91,199	49,563	57,125
Non-current trade and other receivables	22	8,359,072	12,331,710	-	-
Other non-current assets	20	951,608	983,043	-	-
Deferred tax assets	27	3,411,813	2,803,644	68,643	14,771
Amounts due from subsidiaries	38	-	-	-	610,000
<b>Total non-current assets</b>		<b>175,162,982</b>	<b>159,697,107</b>	<b>41,744,149</b>	<b>41,545,223</b>
<b>Current assets</b>					
Inventories	21	87,502,323	82,397,947	36,535	7,493
Amounts due from subsidiaries	38	-	-	4,264,131	3,897,840
Amounts due from equity accounted investees	38	159,463	142,891	986	1,190
Trade and other receivables	22	98,651,672	107,082,528	36,558	32,907
Other current assets	20	5,508,223	4,179,463	56,203	31,555
Income tax recoverable	30	944,281	837,838	-	68,645
Other current financial assets	19	855,239	1,400,423	14,891	7,706
Short term deposits		19,780,454	19,927,939	1,489,160	254,515
Cash in hand and at bank		24,177,336	27,409,656	1,144,208	697,773
<b>Total current assets</b>		<b>237,578,991</b>	<b>243,378,685</b>	<b>7,042,672</b>	<b>4,999,624</b>
<b>Total assets</b>		<b>412,741,973</b>	<b>403,075,792</b>	<b>48,786,821</b>	<b>46,544,847</b>
<b>Equity and liabilities</b>					
Stated capital	23	1,575,000	1,575,000	1,575,000	1,575,000
Capital reserves		760,344	711,396	13,226	13,226
Other components of equity		31,464,513	30,077,359	-	-
Revenue reserves		45,130,447	35,026,096	12,871,201	15,027,783
<b>Total equity attributable to equity holders of the company</b>		<b>78,930,304</b>	<b>67,389,851</b>	<b>14,459,427</b>	<b>16,616,009</b>
Non-controlling interest		43,776,353	37,896,875	-	-
<b>Total equity</b>		<b>122,706,657</b>	<b>105,286,726</b>	<b>14,459,427</b>	<b>16,616,009</b>



For the year ended 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Non-current liabilities</b>					
Interest-bearing borrowings	25	59,158,207	63,540,193	13,185,518	18,265,278
Grants	26	924,138	838,161	-	-
Deferred tax liabilities	27	12,602,194	7,433,449	-	-
Security deposits	24	1,468,392	1,462,347	-	-
Other non-current liabilities	29	2,083,838	1,637,526	-	-
Other non-current financial liabilities	19	5,844,248	2,317,848	-	-
Employee benefit obligations	28	12,845,248	11,208,145	1,560,016	1,298,429
<b>Total non-current liabilities</b>		<b>94,926,265</b>	<b>88,437,669</b>	<b>14,745,534</b>	<b>19,563,707</b>
<b>Current liabilities</b>					
Trade and other payables	29	66,405,057	79,256,611	4,843,225	1,268,500
Other current liabilities	29	7,815,736	7,725,691	67,602	29,704
Deferred revenue	29	954,310	618,787	-	-
Other current financial liabilities	19	13,355,662	9,828,666	-	-
Amounts due to subsidiaries	38	-	-	305,479	672,807
Amounts due to equity accounted investees	38	456	322	385	322
Income tax payable	30	6,040,416	3,527,178	118,116	-
Current portion of long term interest-bearing borrowings	25	31,573,389	27,568,587	9,080,337	5,361,853
Short-term interest-bearing borrowings	31	68,964,025	80,825,555	5,166,716	3,031,945
<b>Total current liabilities</b>		<b>195,109,051</b>	<b>209,351,397</b>	<b>19,581,860</b>	<b>10,365,131</b>
<b>Total liabilities</b>		<b>290,035,316</b>	<b>297,789,066</b>	<b>34,327,394</b>	<b>29,928,838</b>
<b>Total equity and liabilities</b>		<b>412,741,973</b>	<b>403,075,792</b>	<b>48,786,821</b>	<b>46,544,847</b>

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

These Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007.



**Milinda Hewagama**

Group Chief Financial Officer

The Directors are responsible for these Financial Statements.

Signed for and on behalf of the Board.



**Mohan Pandithage**

Chairman & Chief Executive



**Sarath Ganegoda**

Director

19th May 2023

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2023	Stated capital	Capital Reserves		Other components	
		Reserve on scrip issue	Other capital reserve	Revaluation reserve	Fair value reserve of financial assets at FVOCI
Consolidated	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 31st March 2022</b>	1,575,000	175,636	535,760	24,091,156	15,645
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 (Note 39)	-	-	-	-	-
Balance as at 1st April 2022 - Adjusted	1,575,000	175,636	535,760	24,091,156	15,645
Profit for the year	-	-	-	-	-
<b>Other comprehensive income</b>					
Net exchange differences on translation of foreign operations	-	-	-	-	-
Share of other comprehensive income of equity accounted investees	-	-	-	-	-
Net loss on cash flow hedges	-	-	-	-	-
Net change on equity instruments designated at fair value through other comprehensive income	-	-	-	-	14,942
Realised gain on timber	-	-	-	-	-
Actuarial loss on employee benefit obligations	-	-	-	-	-
Tax on other comprehensive income	-	-	-	(1,121,904)	-
<b>Total other comprehensive income</b>	-	-	-	(1,121,904)	14,942
<b>Total comprehensive income for the year</b>	-	-	-	(1,121,904)	14,942
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders	-	-	-	-	-
Transfers	-	-	48,591	(5,285)	-
<b>Total contributions by and distributions to owners</b>	-	-	48,591	(5,285)	-
<b>Changes in ownership interests in subsidiaries</b>					
Adjustment on changes to non-controlling interest in subsidiaries	-	52	305	32,540	364
Acquisition of subsidiaries	-	-	-	-	-
<b>Total changes in ownership interests in subsidiaries</b>	-	52	305	32,540	364
<b>Total transactions with owners</b>	-	52	48,896	27,255	364
<b>Balance as at 31st March 2023</b>	1,575,000	175,688	584,656	22,996,507	30,951

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

	of equity		Revenue Reserves				Shareholders' funds	Non-controlling interest	Total equity
	Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(2,439,613)	8,410,171	2,280,540	129,106	11,705	32,604,745	67,389,851	37,896,875	105,286,726
	-	-	-	-	-	(1,915,963)	(1,915,963)	(553,417)	(2,469,380)
	(2,439,613)	8,410,171	2,280,540	129,106	11,705	30,688,782	65,473,888	37,343,458	102,817,346
	-	-	-	41,665	6,246	16,303,934	16,351,845	11,320,455	27,672,300
	-	1,700,985	-	-	-	-	1,700,985	1,093,503	2,794,488
		664,591				56	664,647	(7)	664,640
	117,835	-	-	-	-	-	117,835	36,182	154,017
	-	-	-	-	-	-	14,942	1,160	16,102
	-	-	-	(9,120)	-	9,120	-	-	-
	-	-	-	-	-	(248,659)	(248,659)	(70,716)	(319,375)
	-	-	-	-	-	72,965	(1,048,939)	(171,386)	(1,220,325)
	117,835	2,365,576	-	(9,120)	-	(166,518)	1,200,811	888,736	2,089,547
	117,835	2,365,576	-	32,545	6,246	16,137,416	17,552,656	12,209,191	29,761,847
	-	-	-	-	-	(4,012,500)	(4,012,500)	(6,361,116)	(10,373,616)
	-	-	-	-	-	(43,306)	-	-	-
	-	-	-	-	-	(4,055,806)	(4,012,500)	(6,361,116)	(10,373,616)
	(25,369)	8,455	11,620	-	-	(111,707)	(83,740)	(96,016)	(179,756)
	-	-	-	-	-	-	-	680,836	680,836
	(25,369)	8,455	11,620	-	-	(111,707)	(83,740)	584,820	501,080
	(25,369)	8,455	11,620	-	-	(4,167,513)	(4,096,240)	(5,776,296)	(9,872,536)
	(2,347,147)	10,784,202	2,292,160	161,651	17,951	42,658,685	78,930,304	43,776,353	122,706,657

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2022	Stated capital	Capital Reserves		Other component	
		Reserve on scrip issue	Other capital reserve	Revaluation reserve	Fair value reserve of financial assets at FVOCI
Consolidated	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1st April, 2021</b>	1,575,000	175,432	512,979	21,708,907	76,471
Profit for the year	-	-	-	-	-
<b>Other Comprehensive income</b>					
Net exchange differences on translation of foreign operations	-	-	-	-	-
Share of other comprehensive income of equity accounted investees	-	-	-	-	-
Net loss on cash flow hedges	-	-	-	-	-
Net change on equity instruments designated at fair value through other comprehensive income	-	-	-	-	57,781
Realised gain on timber	-	-	-	-	-
Revaluation of land	-	-	-	2,963,118	-
Actuarial loss on employee benefit obligations	-	-	-	-	-
Tax on other comprehensive income	-	-	-	(533,279)	448
Total other comprehensive income	-	-	-	2,429,839	58,229
<b>Total comprehensive income for the year</b>	-	-	-	2,429,839	58,229
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders	-	-	-	-	-
Transfers	-	-	22,175	(116,685)	(120,513)
<b>Total contributions by and distributions to owners</b>	-	-	22,175	(116,685)	(120,513)
<b>Changes in ownership interests in subsidiaries</b>					
Adjustment on changes to non-controlling interest in subsidiaries	-	204	606	69,095	1,458
Disposal of subsidiaries	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-
<b>Total changes in ownership interests in subsidiaries</b>	-	204	606	69,095	1,458
<b>Total transactions with owners</b>	-	204	22,781	(47,590)	(119,055)
<b>Balance as at 31st March 2022</b>	1,575,000	175,636	535,760	24,091,156	15,645

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

	of equity		Revenue Reserves				Shareholders' funds	Non-controlling interest	Total equity
	Cash flow hedge reserve	Foreign currency translation reserve	General reserve	Timber reserve	Bearer Biological reserve	Retained earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(849,098)	3,798,203	2,279,714	114,574	10,015	18,216,129	47,618,326	27,580,255	75,198,581
	-	-	-	(2,170)	1,668	18,257,029	18,256,527	9,842,374	28,098,901
	-	4,609,638	-	-	-	-	4,609,638	3,353,981	7,963,619
						(330)	(330)	(11)	(341)
	(1,588,176)	-	-	-	-	-	(1,588,176)	(194,396)	(1,782,572)
	-	-	-	-	-	-	57,781	36,482	94,263
	-	-	-	16,444	-	(16,444)	-	-	-
						-	2,963,118	519,719	3,482,837
	-	-	-	-	-	(427,344)	(427,344)	(28,021)	(455,365)
	-	-	-	-	-	59,105	(473,726)	(66,912)	(540,638)
	(1,588,176)	4,609,638	-	16,444	-	(385,013)	5,140,961	3,620,842	8,761,803
	(1,588,176)	4,609,638	-	14,274	1,668	17,872,016	23,397,488	13,463,216	36,860,704
	-	-	-	-	-	(3,000,000)	(3,000,000)	(3,656,018)	(6,656,018)
	-	-	150	-	-	214,873	-	-	-
	-	-	150	-	-	(2,785,127)	(3,000,000)	(3,656,018)	(6,656,018)
	(2,339)	2,330	676	258	22	(698,273)	(625,963)	473,148	(152,815)
	-	-	-	-	-	-	-	(6,000)	(6,000)
	-	-	-	-	-	-	-	42,274	42,274
	(2,339)	2,330	676	258	22	(698,273)	(625,963)	509,422	(116,541)
	(2,339)	2,330	826	258	22	(3,483,400)	(3,625,963)	(3,146,596)	(6,772,559)
	(2,439,613)	8,410,171	2,280,540	129,106	11,705	32,604,745	67,389,851	37,896,875	105,286,726

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Stated capital	Capital Reserve Other capital reserve	Revenue Reserve		Total
			General reserve	Retained earnings	
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1st April, 2022</b>	1,575,000	13,226	382,087	14,645,696	16,616,009
Profit for the year	-	-	-	1,901,020	1,901,020
<b>Other comprehensive income</b>					
Actuarial loss on employee benefit obligations	-	-	-	(47,227)	(47,227)
Income tax on other comprehensive income	-	-	-	2,125	2,125
<b>Total other comprehensive income</b>	-	-	-	(45,102)	(45,102)
<b>Total Comprehensive income for the year</b>	-	-	-	1,855,918	1,855,918
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders	-	-	-	(4,012,500)	(4,012,500)
<b>Total contributions by and distributions to owners</b>	-	-	-	(4,012,500)	(4,012,500)
<b>Total transactions with owners</b>	-	-	-	(4,012,500)	(4,012,500)
<b>Balance as at 31st March 2023</b>	1,575,000	13,226	382,087	12,489,114	14,459,427
<b>Balance as at 1st April, 2021</b>	1,575,000	13,226	382,087	14,136,884	16,107,197
Profit for the year	-	-	-	3,646,735	3,646,735
<b>Other Comprehensive income</b>					
Actuarial loss on employee benefit obligations	-	-	-	(140,653)	(140,653)
Income tax on other comprehensive income	-	-	-	2,730	2,730
<b>Total other comprehensive income</b>	-	-	-	(137,923)	(137,923)
<b>Total comprehensive income for the year</b>	-	-	-	3,508,812	3,508,812
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders	-	-	-	(3,000,000)	(3,000,000)
<b>Total contributions by and distributions to owners</b>	-	-	-	(3,000,000)	(3,000,000)
<b>Total transactions with owners</b>	-	-	-	(3,000,000)	(3,000,000)
<b>Balance as at 31st March 2022</b>	1,575,000	13,226	382,087	14,645,696	16,616,009

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

# STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Cash flows from operating activities</b>					
Cash generated from operations	A	70,708,044	17,183,289	6,563,911	5,147,092
Employee benefit paid	28	(1,481,118)	(1,011,913)	(36,172)	(34,924)
Income tax paid	30	(9,963,868)	(6,635,021)	(62,132)	(667)
Surcharge tax paid	39	(2,469,380)	-	-	-
<b>Net cash inflow from operating activities</b>		<b>56,793,678</b>	<b>9,536,355</b>	<b>6,465,607</b>	<b>5,111,501</b>
<b>Cash flows from investing activities</b>					
Purchase and construction of property, plant & equipment		(17,128,378)	(14,040,140)	(151,959)	(19,908)
Investments in other non- current assets		(275,472)	(178,458)	-	-
Investments in other current financial assets	19	(9,665,751)	(10,594,939)	(1,450,168)	(7,278,000)
Investments in other non -current financial assets	19	(841,495)	(1,200)	-	-
Decrease due to harvest/(Development of biological assets)	16	16,168	1,059	-	-
Grants received - capital	26	19,110	38,950	-	-
Improvements to investment property	15	(94,768)	-	-	-
Proceeds from disposal of property, plant & equipment		663,580	166,971	245	30
Proceeds from insurance claims		1,662,991	-	-	-
Proceeds from disposal of intangible assets		2,181	49,722	-	-
Proceeds from disposal of current financial assets		10,382,342	9,731,452	1,450,000	7,308,563
Proceed from sale of investment properties		-	400,000	-	-
Proceeds from disposal of subsidiaries		-	30,592	-	-
Purchase of intangible assets	17	(608,281)	(487,147)	(4,095)	(15,885)
Long term investments in group companies and others		(1,171,650)	(4,608,960)	(116,775)	(70,161)
Proceeds from disposal of subsidiary shares		-	-	-	249,921
Proceeds from sale of non-current financial assets		-	245,611	-	-
Interest received		4,531,247	1,301,488	554,193	99,828
Net movement in deferred revenue	29	335,523	126,707	-	-
Dividends received from Equity accounted investees		113,321	137,500	-	-
Dividends received from non-group companies	9	3,851	6,413	1,323	249
<b>Net cash used in investing activities</b>		<b>(12,055,481)</b>	<b>(17,674,379)</b>	<b>282,764</b>	<b>274,637</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>44,738,197</b>	<b>(8,138,024)</b>	<b>6,748,371</b>	<b>5,386,138</b>
<b>Cash flows from financing activities</b>					
Payment on lease	25	(2,514,676)	(2,446,418)	(86,170)	(86,166)
Interest paid (including interest capitalised)		(27,219,377)	(9,955,142)	(5,213,789)	(2,173,690)
Dividend paid to non-controlling interest		(6,361,116)	(3,656,018)	-	-
Proceeds from interest-bearing borrowings	25	21,159,381	37,806,769	4,000,000	5,800,000
Repayment of interest-bearing borrowings net of issue costs		(27,604,264)	(28,099,956)	(5,305,998)	(6,188,834)
Net movement in financial liabilities		7,053,396	1,681,316	-	-
Net movement in Security deposits		6,045	95,782	-	-
Acquisition of non-controlling interest		(179,756)	(152,815)	-	-
Dividends paid to equity holders of parent		(596,105)	(3,132,708)	(596,105)	(3,132,708)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(36,256,472)</b>	<b>(7,859,190)</b>	<b>(7,202,062)</b>	<b>(5,781,398)</b>
Net increase / (decrease) in cash and cash equivalents		8,481,725	(15,997,214)	(453,691)	(395,260)
Cash and cash equivalents at beginning of the year		(33,487,960)	(17,490,746)	(2,079,657)	(1,684,397)
<b>Cash and cash equivalents at end of the year</b>	B	<b>(25,006,235)</b>	<b>(33,487,960)</b>	<b>(2,533,348)</b>	<b>(2,079,657)</b>

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

## STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>A. Cash generated from operations</b>					
Profit before tax		42,749,068	35,716,745	2,098,166	3,506,756
<b>Adjustments for:</b>					
Net finance costs	9	18,817,401	(1,949,219)	4,667,128	2,030,962
Share of profits from Equity accounted investees	18	(540,978)	(226,794)	-	-
Depreciation on Property, plant & equipment	13	8,052,642	6,407,181	48,623	48,585
Impairment of Property, plant & equipment	13	1,448	97,620	-	-
Depreciation of Right-of-use assets	14	1,639,893	1,752,023	63,833	63,832
Change in fair value of Investment properties	15	(347,457)	(328,543)	(5,900)	(9,250)
Change in fair value of agricultural produce on bearer biological assets		(17,173)	(2,511)	-	-
Change in fair value of Biological assets	16	(138,628)	(67,692)	-	-
(Gain)/loss on the disposal of Property, plant & equipment		(57,808)	(37,258)	306	6,089
Gain on fire damages and claims		(673,025)	-	-	-
Write off of property, plant & equipment		8,082	-	-	-
Loss on the disposal of Intangible assets		173	-	-	-
Gain on disposal of subsidiary/subsidiary shares	7	-	(6,592)	-	(13,111)
Gain on the disposal of Investment properties	7	-	(7,378)	-	-
Amortisation of Intangible assets	17	317,937	259,642	13,160	2,606
Impairment of Goodwill	17	-	137,864	-	-
Net loss on translation of foreign currency		8,559,783	12,456,930	22,578	-
Impairment of Trade & other receivables	22	154,503	925,027	-	-
Provision for unrealised profit and write-down of inventories		1,923,455	1,915,933	-	-
Impairment/ amortisation of other non-current assets		100,386	95,904	-	-
Gain on bargain purchase	7	(209,690)	(12,305)	-	-
Provision for post employee benefit obligations	28	2,215,028	1,514,224	250,533	137,836
Grants amortised	7	(39,608)	(37,407)	-	-
		82,515,432	58,603,424	7,158,427	5,774,305
(Increase)/decrease in trade and other receivables and other current assets		11,564,451	(40,063,552)	(394,438)	(1,247,436)
(Increase)/decrease in inventories		(7,045,587)	(29,456,558)	(29,042)	(5,754)
Increase/(decrease) in trade and other payables		(16,326,252)	28,099,975	(171,036)	625,977
		70,708,044	17,183,289	6,563,911	5,147,092
<b>B. Analysis of cash and cash equivalents</b>					
Cash in hand and at bank		24,177,336	27,409,656	1,144,208	697,773
Short-term deposits		19,780,454	19,927,939	1,489,160	254,515
		43,957,790	47,337,595	2,633,368	952,288
Short-term interest bearing borrowings	31	(68,964,025)	(80,825,555)	(5,166,716)	(3,031,945)
<b>Cash and cash equivalents</b>		(25,006,235)	(33,487,960)	(2,533,348)	(2,079,657)

Notes from pages 317 to 423 form an integral part of these Financial Statements. Figures in brackets indicate deductions.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### 1.1 Reporting Entity

Hayleys PLC is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. Corporate information, the address of the Company's registered office and the principal place of business are given on page 467 in this Annual Report.

### 1.2 Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2023 comprise "the Company" referring to Hayleys PLC as the holding Company and the "Group" referring to companies that have been consolidated therein together with the group's interests in equity accounted investees.

### 1.3 Nature of Operations and Principal Activities of the Company and the Group

Descriptions of the nature of operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on pages 446 to 450 to the Financial Statements.

Hayleys PLC does not have an identifiable parent of its own. Hayleys PLC is the ultimate parent of the Group.

### 1.4 Approval of Financial Statements

The Consolidated Financial Statements of Hayleys PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2023 were authorised for issue by the Directors on 19 May 2023.

### 1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

## 2. BASIS OF PREPARATION

### 2.1. Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka financial reporting standard,

which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

### 2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for:

- Lands which are recognised as property plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.
- Land and buildings which are recognised as investment property which are measured at cost on initial recognition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Financial instruments designated as fair value through other comprehensive income (OCI) which are measured at fair value.
- Consumable biological assets and agricultural produce from bearer biological assets which are measured at fair value, less costs to sell.

Where appropriate, the specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs), which is also the Company's functional currency. Subsidiaries whose functional currencies are different as they operate in different economic environments are reflected in Note 34 to the Financial Statements.

### 2.4 Materiality and Aggregation

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

### 2.5 Comparative information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

In addition, the Group presents an additional Statement of Financial Position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

### 2.6 Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

### 2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Basis of Consolidation

The Consolidated Financial Statements encompass the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (associates and joint ventures).

Subsidiaries and equity accounted investees are disclosed in Note 18 to the Financial Statements.

#### 3.1.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or 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:

## NOTES TO THE FINANCIAL STATEMENTS

- 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.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting right.

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 equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses

and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### 3.1.2 Consolidation of subsidiaries with different accounting periods

The financial statements of all subsidiaries in the Group other than those mentioned in Note 36 to the Financial Statements are prepared for a common financial year, which ends on 31 March.

Most subsidiaries with 31 December financial year ends prepare for consolidation purposes, additional financial information as of the same date as the financial statements of the parent.

For subsidiaries which are unable to prepare additional financial information the parent uses the most recent financial statements of the subsidiaries and is adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the Consolidated Financial Statements. The difference between the date of the subsidiary's financial statements and that of the Consolidated Financial Statements will not be more than three months.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment

loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

### 3.2 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability

to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of Profit or Loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of Profit or Loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

### 3.3 Foreign Currency

#### 3.3.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on those monetary items are also recognised in Other Comprehensive Income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates 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 is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated

in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognised in OCI or Profit or Loss are also recognised in OCI or Profit or Loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

#### 3.3.2 Foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

#### 3.3.3 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 current when it is:

## NOTES TO THE FINANCIAL STATEMENTS

- Expected to be realised or intended to be sold or consumed in a 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 a 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 unconditional 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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.4 Fair Value Measurement

The Group measures financial instruments such as investments which are designated as fair value through Other Comprehensive Income (OCI), financial assets at fair value through Profit or Loss and derivatives; non-financial assets such as owner-occupied land and investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid

to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions - Note 19.
- Quantitative disclosures of fair value measurement hierarchy - Note 19.
- Property (land) under revaluation model - Note 13.
- Investment properties - Note 15.
- Financial instruments (including those carried at amortised cost) - Note 19.
- Biological assets (Consumable and agricultural produce) - Note 16.

### 3.5 Property, Plant & Equipment

The group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

### 3.5.1 Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

### 3.5.2 Basis of measurement

Items of property, plant & equipment including construction in progress are measured at cost net of accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

### 3.5.3 Owned assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing

surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

### 3.5.4 Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

### 3.5.5 Permanent land development costs

Permanent land development costs which relate to the Group's Plantation Sector are those costs incurred in major infrastructure development and building new access roads on leased lands. The costs have been capitalised and amortised over the shorter of useful lives or remaining lease periods.

Permanent impairment to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

### 3.5.6 Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

### 3.5.7 Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Description	Period
Buildings	20 – 50 years
Software	03 – 05 years
Plant & machinery	05 – 20 years
Stores equipment	05 – 10 years
Motor vehicles	04 – 10 years
Furniture, fittings & office equipment	02 – 13 years
Vessels	05 – 25 years
Mature/Immature plantation	20 – 33 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised. The asset's residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end and adjusted prospectively, if appropriate.

### 3.5.8 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 asset for a period of time in exchange for consideration.

#### 3.5.8.1 Group as a 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.

##### 3.5.8.1.1 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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred,

## NOTES TO THE FINANCIAL STATEMENTS

and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Land	02-50 years
Buildings	02-16 years
Machinery & store Equipment	20 years
Motor vehicles	02-05 years
Furniture, fittings & office equipment	
Vessels	01-02 years
Mature/Immature plantation	20-33 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 as more fully described in Note 3.13 Impairment of non-financial assets.

### 3.5.8.1.2 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.

The Group's lease liabilities are included in Interest-bearing loans and borrowings in Note 25 to the Financial Statements.

### 3.5.8.1.4 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases. 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.

### 3.5.8.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## 3.6 Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair values of investment properties are included in the Statement of Profit or Loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognised either when they have been disposed of, or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amounts of the asset is recognised in 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.

## 3.7 Intangible Assets

### 3.7.1 Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

### 3.7.2 Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition. 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 the Statement of Profit or Loss in the year in which the expenditure is incurred.

### 3.7.3 Useful economic lives and amortisation

The useful lives of intangible assets are assessed as either finite or indefinite. 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 finite useful lives 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 is considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

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

### 3.7.4 Derecognition of intangible assets

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

net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

### 3.7.5 Research and development

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 it 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 is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### 3.7.6 Brand name

Brands acquired as part of a business combination, are capitalised if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names, being determined to have an indefinite useful life, are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

### 3.7.7 Customer list

The present value of the income anticipated from repeat customer lists of travel agents as at the acquisition date is recognised as an intangible asset based on a valuation carried out by an

independent valuer. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses. Customer lists recognised at the acquisition date are amortised over the period over which income is anticipated to derive from repeat customers and reviewed annually for any impairment in value if there are indicators of impairment.

### 3.7.8 Trade mark

Trade marks purchased, being determined to have an indefinite useful life, are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

### 3.7.9 Other intangible assets

Other intangible assets which are acquired by the Group, with finite useful lives, are measured on initial recognition at cost. Following initial recognition ERP systems are carried at cost less accumulated amortisation and accumulated impairment losses.

### 3.7.10 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Profit or Loss as incurred.

### 3.7.11 Amortisation

Amortisation of intangible assets with a finite life is recognised in Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows:

Description	Period
Right to generate hydro power	15- 20 years
Right to generate solar power	20 years
Customer List	5 years
ERP Systems	5-10 years

## NOTES TO THE FINANCIAL STATEMENTS

### 3.8 Biological Assets

Biological assets are classified as either mature biological assets or immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea and rubber trees, being biological assets that are not intended to be sold or harvested, but are used to grow for purpose of harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

#### 3.8.1 Bearer biological assets

Bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

#### 3.8.2 Infilling cost on bearer biological assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling

performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

#### 3.8.3 Consumable biological asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair values of timber trees are measured using discounted cash flow (DCF) method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 16.

#### The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Group.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Group.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in Statement of Profit or Loss for the period in which it arises.

Permanent impairments to biological asset are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

#### 3.8.4 Nursery plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

### 3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.



### 3.9.1 Financial assets

#### 3.9.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within

a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### 3.9.1.1.1 Business model assessment in the context of Financial Services within the Consumer & Retail Sector

In relation to entities in the Group engaged in financial services, the Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### 3.9.1.1.2 Assessment whether contractual cash flows is solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of

## NOTES TO THE FINANCIAL STATEMENTS

the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### 3.9.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss

#### Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and non-current trade and other receivables.

#### Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at

amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to Profit or Loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

#### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to Profit or Loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non-listed equity instruments under this category.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through Profit or Loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other

income in the Statement of Profit or Loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through Profit or Loss. Embedded derivatives are measured at fair value with changes in fair value recognised in Profit or Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through Profit or Loss category.

### 3.9.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Group's Consolidated Financial Position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the

risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### 3.9.1.4 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures which are determined to have low credit risk at the reporting date and for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

##### 3.9.1.4.1 Impairment model for segments other than the Consumer & Retail sector

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### 3.9.1.4.2 Impairment model for the Consumer & Retail sector (Excluding financial services)

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default in payments;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Write-offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering

## NOTES TO THE FINANCIAL STATEMENTS

a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

### 3.9.1.4.3 Impairment model for the Financial Services within the Consumer & Retail sector;

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease & loan receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Life-time ECL is the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments.

### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The key inputs used for measurement of ECL are likely to be the term structures of the following variables:

### Probability of Default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical models, and assessed using various categories based on homogeneous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. The Group forecast PD by incorporating forward looking economic variables (unemployment, GDP growth, inflation, interest rate and using lag effect of these variables).

### Loss Given Default (LGD)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties.

### Exposure at default (EAD)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount.

The Group has used these parameters from internally-developed statistical models using historical data. All inputs were adjusted to reflect forward-looking information and future economic scenarios.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as main adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- **Stage 1:** The 12 month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the

12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- **Stage 2 :** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3 :** For loans considered credit-impaired the Group recognises the lifetime expected credit losses. The method is similar to that of Stage 2 assets, with the PD set at 100%.

#### Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 180 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.

- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

#### Presentation of allowance for ECL in the Statement of Financial Position.

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- Financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn components presented as a provision; and
- Debt instruments measured at FVOCI - no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

## NOTES TO THE FINANCIAL STATEMENTS

### Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the Statement of Profit or Loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### 3.9.2 Financial liabilities

#### 3.9.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, amounts due to equity accounted investees and derivative financial instruments.

#### 3.9.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities

designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The Group has not designated any financial liability at fair value through profit or loss.

#### Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently,

the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

#### 3.9.2.3 Derecognition

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

### 3.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.9.4 Derivative financial instruments and hedge accounting

#### 3.9.4.1 Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability

in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit or Loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to Profit or Loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### 3.10 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 19 to the Financial Statements.

### 3.11 Non-Current Assets held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

## NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan;
- to dispose of a separate major line of business or geographical area of operations; Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit or Loss.

### 3.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

All inventory items, except manufactured inventories and work-in-progress are measured at weighted average directly attributable cost.

Manufactured inventories and work-in-progress are measured at weighted average factory cost which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of

completion and the estimated costs necessary to make the sale.

### 3.12.1 Agricultural produce harvested from biological assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

### 3.13 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual

assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.



Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### 3.14 Cash and Cash Equivalents

Cash in hand and at bank and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and short-term borrowings as they are considered an integral part of the Group's cash management.

### 3.15 Employee Benefits

#### 3.15.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

#### 3.15.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee benefits". The present value of the defined benefit obligation is determined by discounting

the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, for entities of the Group operating in Sri Lanka, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. The settlement of the liability is based on legal liability method or the following basis as applied by the respective entities.

Length of each service (Years) No. of month's salary for completed year of service.

Length of each service (Years)	No. of months salary for completed year of service
Up to 20	1/2
20 up to 25	3/4
25 up to 30	1
30 up to 35	1 1/4
Over 35	1 1/2

#### 3.15.3 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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 a finance cost.

### 3.17 Grants and Subsidies

Grants and subsidies are recognised where there is a reasonable assurance that the grant / subsidy will be received and all attaching conditions, if any, will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Grants and subsidies related to assets, including non-monetary grants at fair value are deferred in the Statement Financial Position and credited to the Statement of Profit or Loss over the useful life of the asset.

### 3.18 Warranties

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.19 Contingent Liabilities Recognised in a Business Combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

### 3.20 Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### 3.21 Regulatory Provisions

#### 3.21.1 Deposit insurance scheme

In terms of the Finance Companies Direction No. 02 of 2010 - 'Insurance of Deposit Liabilities' issued on 27th September 2010 all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No. 01 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include demand, time and savings deposit liabilities and exclude the following:

- Deposit liabilities to member institutions.
- Deposit liabilities to Government of Sri Lanka.
- Deposit liabilities to Directors, Key Management Personnel and other related parties as defined in Finance Companies Act Direction No. 03 of 2008 on Corporate Governance of Registered Finance Companies.
- Deposit liabilities held as collateral against any accommodation granted.

- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to the Central Bank of Sri Lanka.
- Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at end of the month to be payable within a period of 15 days from the end of the respective month.

#### 3.21.2 Reserve fund

Singer Finance (Lanka) PLC, a subsidiary of the Group maintains a reserve fund in compliance with Direction No. 01 of 2003 - Central Bank (Capital Funds) issued to Finance Companies and it will be used for only the purpose specified in the said Direction above. The details of the reserve fund are disclosed in Note 23.1.2.

### 3.22 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has several operating segments which are described in Note 40 to these Financial Statements. In all operating segments, the Group has generally concluded that it is the principal in its revenue arrangements, except for agency services described in Note 3.22.2.3 below, because it typically controls the goods or services before transferring them to the customer.

#### 3.22.1 Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the 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 (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of

goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### 3.22.1.1 Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### 3.22.1.2 Significant financing component

The Group receives short-term advances from its customers. Using the practical expedient for short term advances in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. Where long-term advances are received from customers, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

#### 3.22.1.3 Warranty obligations

In several sectors, the Group provides warranties for general repairs of defects that existed at the time of sale. These assurance type warranties are accounted for under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Group also provides a warranty beyond fixing defects that existed at the time of sale in several sectors. These service-type warranties are sold either separately or bundled together with the sale of goods.

Contracts for bundled sales of goods and a service-type warranty comprise two performance obligations because the promises to transfer the equipment and to provide the service type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

#### 3.22.1.4 Loyalty points programme

The Group has loyalty point programmes, in several sectors, which allows customers to accumulate points that can be redeemed against subsequent purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

#### 3.22.1.5 Non-cash considerations

Certain sectors of the Group have arrangements where customers are offered a scheme where new goods could be acquired through part exchange of old goods.

The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the goods sold.

#### 3.22.1.6 Consignment arrangements

Certain Sectors engage in business which includes the delivery of goods to another party but retain control of the goods. Examples of such arrangements may include the delivery of a good to a dealer or a distributor for sale to an end customer of the Group. Revenue on such arrangements are recognised at the point of sale to an end customer net of commission expenses incurred.

### 3.22.2 Rendering of services

Several entities within the Group engage in the provision of services to its customers. The Group recognises revenue from services over time, applying methods to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

#### 3.22.2.1 Hospitality revenue

Accommodation revenue generated by the hospitality sector is recognised on the rooms occupied on a daily basis. Food and beverage revenue is recognised at the time of related sale.

#### 3.22.2.2 Maintenance services

Certain sectors within the group provide customers with complementary servicing of consumer durable goods sold by the Group within a defined period. Such servicing arrangements are identified as separate performance obligations and revenue is recognised when the complementary services are provided to the customer.

#### 3.22.2.3 Agency services

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

#### 3.22.3 Construction and installation contracts

In relation to contracts which involve the construction and installation of assets on behalf of its customers, the Group assesses the nature of the respective

contracts as to whether such is reflective of goods or services transferred at a point in time or satisfied over a period of time.

The Group determines that arrangements include transfers of a good or service over time when any of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
- The entity's performance creates or enhances an asset (e.g., work in progress) that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

When either of the above criteria is met, the Group recognises revenue on the respective contracts similar to the rendering of services. If an entity is unable to demonstrate that control transfers over time, the presumption is that control transfers at a point in time, and revenue is recognised similar to the sale of goods.

#### 3.22.4 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

#### 3.22.5 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made,

## NOTES TO THE FINANCIAL STATEMENTS

or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

### 3.22.6 Assets and liabilities arising from rights of return

#### 3.22.6.1 Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

#### 3.22.6.2 Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### 3.22.6.3 Cost to obtain a contract

In several sectors, the Group pays sales commission to its employees and third party representative for sales carried out. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense.

### 3.23 Income relating to Financial Services in Consumer and Retail Sector

#### 3.23.1 Interest

Interest income and expense are recognised in Profit or Loss using the effective interest method. The effective

interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Interest income is presented in finance income in the Statement Profit or Loss.

### 3.23.2 Hire purchase, lease, loans and advances

The excess of aggregated contract receivables over the cost of the hired assets constitutes the total unearned income at the commencement of a contract. The unearned income is recognised as revenue as it is earned, using the effective interest rate method.

#### 3.23.2.1 Service fee income on hire purchase

Service fee income is recognised over the length of hire purchase agreement using the effective interest rate method. In the event of early termination of the hire purchase contract or cash conversion remaining deferred, service income is recognised when such contract is recognised or converted.

#### 3.23.3 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, are recognised as the related services are performed.

### 3.24 Other Income

#### 3.24.1 Dividends

Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### 3.24.2 Grants

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

#### 3.24.3 Gains and losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within "other income" in profit or loss.

#### 3.24.5 Other income

Other income is recognised on an accrual basis.

### 3.25 Expenses

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

Repairs and renewals are charged to Profit or Loss in the year in which the expenditure is incurred.

### 3.25.1 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.26 Finance income

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in the Statement of Profit or Loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

### 3.27 Finance Cost

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the Statement of Profit or Loss.

### 3.28 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combinations, or items recognised directly in equity or in other comprehensive income.

#### 3.28.1 Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### 3.28.2 Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is

not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively 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 Other Comprehensive Income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

## NOTES TO THE FINANCIAL STATEMENTS

The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of Profit or Loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 3.28.3 Value added tax on financial services

VAT on financial services is calculated in accordance with the amended VAT Act No. 07 of 2013. The base for the computation of Value Added Tax on financial services is the accounting profit before income tax adjusted for the economic depreciation and emolument of employees computed on prescribed rate.

### 3.28.4 Crop insurance levy

As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1st April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is Payable at 1% of the profit after tax.

### 3.28.5 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

## 4. GENERAL

### 4.1 Events Occurring After the Reporting Date

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

### 4.2 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 or loss attributable to ordinary shareholders of the Company 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.

### 4.3 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid is classified as financing cash flow. Grants received, which are related to purchase and construction of property, plant & equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows. Dividends received by Hayleys PLC, which is an investment company, are classified as operating cash flows and are not disclosed separately in the Company Cash Flow Statement.

## 4.4 Segment Reporting

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 Chairman and the Board 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.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

## 4.5 Changes in Accounting Policies and Disclosures

### 4.5.1 New and amended standards and interpretations

No significant impact resulted on the financial statements of the Group due to changes in Accounting Standards and disclosures during the year.

## 4.6 Standards Issued but not yet Effective

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

### 4.6.1 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 (SLFRS 4) that was issued

in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. 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 2025, 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.

#### **4.6.2 Amendments to LKAS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

#### **4.6.3 Amendments to LKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

#### **4.6.4 Amendments to LKAS 1 - Classification of Liabilities as Current or Non current**

Amendments to LKAS 1 Presentation of financial statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

### **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

#### **5.1 Going concern**

The Directors have 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. The assessment includes the existing and anticipated effects from the current economic crisis, the circumstances of the external environment on significant assumptions that are sensitive or susceptible to change, or are inconsistent with historical trends. As the economic effects continue to evolve, the management has considered a range of scenarios to determine the potential impact on the underlying performance and future

## NOTES TO THE FINANCIAL STATEMENTS

funding requirements. Furthermore, 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 the going concern basis.

### 5.2 Measurement of the recoverable amount of cash-generating units containing goodwill

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 3.13. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 17 to the financial statements.

### 5.3 Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has Rs. 11,919 mn (2022: Rs. 8,592 mn) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

On this basis, the Group has determined that it cannot recognise deferred tax assets on tax losses carried forward and described in Note 11 to the financial statements.

### 5.4 Measurement of the employee benefit obligations

The present value of the employee benefit obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about employee benefit obligation are provided in Note 28 to the financial statements.

### 5.5 Revaluation of property, plant and equipment and investment properties

The Group measures the freehold land (classified as property, plant and equipment) at revalued amounts, with changes in fair value being recognised in OCI. The freehold lands were valued by reference to transactions involving properties of a similar nature, location and condition. In addition, the Group carries its investment properties at fair value, with changes in fair value being recognised in the profit or loss. For investment properties, valuation methodologies such as market approach, and income approach (the discounted cash flow (DCF) model) for properties lacked comparable market data were used.

The Group engaged a valuation specialist to assess fair values as at 31 March 2022 for the freehold lands and at 31 March 2023 for the investment properties. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 13 and 15 to the financial statements.

### 5.6 Valuation of inventories

The Group has applied judgment in the determination of impairment in relation to inventories that are slow moving or obsolete. The Group's impairment assessment in relation to such inventories take into account factors such as the use of significant judgement over identifying inventories requiring write down to NRV, including consideration of product life cycles, nature of inventories, future inventory demand and quality/grading assessments, and the existence of significant estimates applied in the determination of NRV, considering expected sales prices and allowance policies based on historical sales.



### **5.7 Impairment allowance for current and non-current trade and other receivables in the Consumer & Retail segment of the Group**

The Group uses a provision matrix to calculate ECLs for loans and trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the relevant sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's loans and trade receivables is disclosed in Note 22 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. REVENUE

#### 6.1 Industry Segment Revenue

For the year ended 31st March	Consolidated							
	Revenue from contracts with customers			Total revenue	Revenue from contracts with customers			Total revenue
	Sale of goods	Rendering of services	Interest Income		Sale of goods	Rendering of services	Interest Income	
	2023				2022			
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Eco solutions	15,221,016	-	-	15,221,016	11,131,215	-	-	11,131,215
Hand protection	51,376,331	-	-	51,376,331	37,857,909	-	-	37,857,909
Purification	60,357,169	-	-	60,357,169	32,750,593	-	-	32,750,593
Textiles	60,014,435	-	-	60,014,435	31,668,189	-	-	31,668,189
Construction materials	10,124,084	-	-	10,124,084	9,517,691	-	-	9,517,691
Plantations	28,621,669	-	-	28,621,669	17,369,398	-	-	17,369,398
Agriculture	32,998,003	-	-	32,998,003	24,089,400	-	-	24,089,400
Consumer & retail	54,300,546	1,425,921	8,166,252	63,892,719	75,273,987	776,319	7,492,561	83,542,867
Leisure	-	6,686,614	-	6,686,614	-	3,419,504	-	3,419,504
Industry inputs	7,388,571	-	-	7,388,571	5,748,535	-	-	5,748,535
Power & energy	-	1,329,346	-	1,329,346	-	1,292,079	-	1,292,079
Transportation & logistics	-	134,294,791	-	134,294,791	-	69,272,861	-	69,272,861
Others	13,046,747	2,079,386	-	15,126,133	8,834,686	1,514,653	-	10,349,339
	333,448,571	145,816,058	8,166,252	487,430,881	254,241,603	76,275,416	7,492,561	338,009,580

#### 6.2 Geographical Segment Revenue

For the year ended 31st March	Consolidated	
	2023	2022
	Rs.'000	Rs.'000
Asia (excluding Sri Lanka)	154,655,189	66,638,547
Australia	6,828,789	3,819,452
Europe	52,172,893	38,360,508
United States of America	32,191,684	20,500,428
Africa	8,146,679	3,601,767
Indirect exports	50,129,386	41,195,295
Sri Lanka	183,306,261	163,893,583
	487,430,881	338,009,580

### 6.3 Gross Revenue

For the year ended 31st March	Company	
	2023	2022
	Rs.'000	Rs.'000
Rent and building related income	608,270	497,642
	608,270	497,642

### 6.4 Contract Balances

For the year ended 31st March	Consolidated		
	2023	2022	
	Rs.'000	Rs.'000	
<b>Contract Assets</b>			
Retention receivables	546,124	207,449	
	546,124	207,449	
<b>Contract Liabilities</b>			
Advances received	29.3	6,011,168	6,122,182
Deferred revenue	29.4	954,310	618,787
Maintenance warranties	29.1	516,643	410,364
		7,482,121	7,151,333

### 7. OTHER INCOME

For the year ended 31st March	Consolidated		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Grants amortised*	39,608	37,407	-	-
Write back of creditors	30,050	-	-	-
Gain on disposal of property, plant & equipment	83,887	77,699	-	-
Gain on disposal of investment property	-	7,378	-	-
Change in fair value of biological assets	155,801	70,202	-	-
Gain on disposal of subsidiary/subsidiary investments	-	6,592	-	13,111
Sundry Income/Scrap sales	1,219,404	1,261,492	-	-
Rent income	192,118	156,666	-	-
Gain on bargain purchase	209,690	12,305	-	-
Income on insurance claim	1,662,991	-	-	-
Income from financial services	229,324	199,027	-	-
Indent commission	456,728	168,833	-	-
	4,279,601	1,997,601	-	13,111

\* Details of the grants are given in Note 26 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 8. OTHER EXPENSES

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Loss on disposal of property, plant & equipment	26,079	40,441	306	6,089
Loss on fire damages	989,966	-	-	-
Impairment/write-off of property, plant & equipment	1,448	60,512	-	-
Amortisation of intangible assets	159,642	172,085	-	-
Impairment of goodwill	-	137,864	-	-
Loss on write off of assets held for sale	-	2,690	-	-
Loss on disposal of intangible assets	173	-	-	-
Loss on fair valuation of equity accounted investees	-	7,151	-	-
	1,177,308	420,743	306	6,089

## 9. NET FINANCE INCOME/COST

## 9.1 Finance Income

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest income on loans and receivables	2,143,782	602,075	554,143	99,776
Interest income on bank deposits/ unit trust income	2,387,344	715,706	-	-
Guarantee income	121	11,703	53	53
Dividend income from equity instruments	3,851	6,413	1,323	327
Change in fair value of financial assets at fair value through profit or loss	176,129	77,491	8,250	30,563
Foreign exchange gain	16,009,639	15,418,601	45,287	57,691
	20,720,866	16,831,989	609,056	188,410

## 9.2 Finance Cost

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest on long term loans	10,902,003	4,107,126	3,719,979	2,063,631
Interest on short term loans	16,710,523	4,924,667	1,501,392	117,049
Finance charges payable under leases	1,000,278	951,347	23,309	30,660
Change in fair value of financial assets at fair value through profit or loss	4,234	4,079	1,233	374
Impairment of financial assets	7,562	7,563	7,562	7,563
Foreign exchange loss	10,913,667	4,887,988	22,709	95
	39,538,267	14,882,770	5,276,184	2,219,372
<b>Net finance income/cost</b>	<b>(18,817,401)</b>	<b>1,949,219</b>	<b>(4,667,128)</b>	<b>(2,030,962)</b>

## 10. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following.

For the year ended 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Directors' emoluments		3,568,726	2,801,680	780,438	640,751
<b>Auditors' fees (includes overseas subsidiaries)</b>					
<b>Audit services</b>					
- Ernst & young		69,171	60,125	2,591	2,313
- Other auditors		64,497	39,593	-	-
<b>Non audit services</b>					
- Ernst & young		51,623	40,615	2,769	2,034
- Other auditors		39,812	19,757	-	-
Depreciation on property, plant & equipment	13	8,052,642	6,407,181	48,623	48,585
Donations		53,034	37,114	9,535	5,164
Impairment for bad trade and other receivables	22	154,503	925,057	-	-
Provision for unrealised profit and write-down of inventories	21	1,923,455	1,915,933	-	-
<b>Staff cost</b>					
Defined contribution plan cost		3,045,964	2,926,465	166,593	139,558
Employee benefit plan cost	28	2,215,028	1,514,224	250,532	137,836
Other Staff cost (excluding defined contributions & defined benefits)		34,847,467	29,353,138	2,119,988	1,934,506
Staff training and development cost		186,039	68,811	5,321	2,898
Legal fees		318,950	132,860	-	-
Research and development cost		313,723	94,748	-	-

## NOTES TO THE FINANCIAL STATEMENTS

## 11 TAXATION

## 11.1 Tax Expense

For the year ended 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>Consolidated Statement of Profit or Loss</b>		
<b>Current income tax</b>		
Current income tax		
Parent	248,893	-
Subsidiaries	11,570,576	7,062,080
	11,819,469	7,062,080
Under / (Over) provision in respect of previous years	67,923	(173,742)
Irrecoverable ESC/(reversal of provision on ESC)	3,407	28,065
	11,890,799	6,916,403
<b>Deferred tax expense</b>		
Origination of temporary differences		
Parent	(51,747)	12,484
Subsidiaries	2,767,416	497,029
	2,715,669	509,513
Tax on dividend income	470,300	191,928
<b>Tax expense reported in the Statement of Profit or Loss</b>	<b>15,076,768</b>	<b>7,617,844</b>

## 11.2 Consolidated Statement of Other Comprehensive Income

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Deferred tax related to items charged or credited directly to other comprehensive income during the year:</b>				
Actuarial loss on employee benefit obligation	(95,287)	(70,702)	(2,125)	(2,730)
Revaluation of land	1,315,212	611,842	-	-
Net change on equity instruments designated at fair value through other comprehensive income	400	(502)	-	-
<b>Tax charged/(reversed) directly to other comprehensive income</b>	<b>1,220,325</b>	<b>540,638</b>	<b>(2,125)</b>	<b>(2,730)</b>

### 11.3 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit before tax	42,749,068	35,716,745	2,098,166	3,506,756
Share of profit of equity accounted investees	(540,978)	(226,794)	-	-
Intra-group adjustments	20,861,601	12,288,411	-	-
	63,069,691	47,778,362	2,098,166	3,506,756
Disallowable expenses	28,237,673	21,635,515	647,972	1,424,606
Tax deductible expenses	(25,005,073)	(23,538,548)	(171,028)	(224,214)
Tax exempt income	(10,271,797)	(7,812,021)	(1,303,481)	(2,569,191)
Tax loss b/f	(8,592,144)	(9,895,797)	(138,407)	(2,725,145)
Adjustment for tax loss b/f	(351,701)	(832,770)	13,072	448,780
Tax loss c/f	11,919,298	8,592,144	-	138,408
Taxable income	59,005,947	35,926,885	1,146,294	-
Income tax @ 14%	3,817,731	1,847,275	84,265	-
Income tax @ 15%	587,094	53,517	4,346	-
Income tax @ 18%	20,537	368,372	-	-
Income tax @ 20%	294,104	460,781	-	-
Income tax @ 24%	1,847,645	3,732,430	-	-
Income tax @ 30%	4,251,181	-	160,282	-
Income tax at other tax rates	1,001,177	599,705	-	-
Income tax on current year profit	11,819,469	7,062,080	248,893	-
Under / (Over) provision in respect of previous years	67,923	(173,742)	-	(162,506)
Irrecoverable ESC/(reversal of provision on ESC)	3,407	28,065	-	10,043
	11,890,799	6,916,403	248,893	(152,463)
Origination of temporary differences	2,715,669	509,513	(51,747)	12,484
Tax on dividend income	470,300	191,928	-	-
<b>Tax expense</b>	<b>15,076,768</b>	<b>7,617,844</b>	<b>197,146</b>	<b>(139,979)</b>
<b>Effective tax rate</b>	<b>36%</b>	<b>21%</b>	<b>9%</b>	<b>(4%)</b>

#### 11.3.1 Change in Income Tax Rate

Entities operating in Sri Lanka of the Group have used the new tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income and deferred taxation. Accordingly, income tax rates of, 18% for manufacturing business profits, 14% for export profits, 24% for trading and other income and 10.5% for agro processing have been used for the first six months and a standard rate of 30% has been used for profits of all segments for the second six months (unless another act supersedes this amendment).

As a result, the Rate of 30% has been used for Deferred Tax and the resultant impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. Income tax rates used in FY 2021/22 were 18% for manufacturing business profits, 14% for export profits, 24% for trading and other income and 10.5% for agro processing.

## NOTES TO THE FINANCIAL STATEMENTS

### 11.3.2 Impact of change in tax rates on the origination of temporary differences

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Recognised in Statement of Profit or Loss due to during the year transactions	(15,903)	509,513	(48,054)	12,484
Recognised in Statement of Profit or Loss due to change in tax rate	2,731,572	-	(3,693)	-
<b>Deferred tax expense/(reversal) recorded in Statement of Profit or Loss</b>	<b>2,715,669</b>	<b>509,513</b>	<b>(51,747)</b>	<b>12,484</b>
Recognised in Other Comprehensive Income during the year transactions	58,194	540,638	(2,125)	(2,730)
Recognised in Other Comprehensive Income due to change in tax rate	1,162,131	-	-	-
<b>Deferred tax expense/(reversal) recorded in Other Comprehensive Income</b>	<b>1,220,325</b>	<b>540,638</b>	<b>(2,125)</b>	<b>(2,730)</b>

### 11.4 General Provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended. Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

Irrecoverable Economic Service Charge has been charged to the Statement of Profit or Loss.

### 11.5 Tax Exemptions

#### 11.5.1 In terms of the Inland Revenue Act

Solar One Ceylon (Pvt) Ltd is entitled for a 10 year income tax holiday. Tax holiday period has commenced during the Y/A 2016/17.

Fentons Limited is entitled for an income tax exemption for its undertaking associated with information technology and enabled services. The tax holiday period ends on 31st March 2023.

Alumex PLC is entitled for an income tax exemption for a period of 10 years for its undertaking associated with sale of construction materials recycled in a site established in Sri Lanka to recycle materials which were already used in the construction industry. The tax holiday period has commenced during the Y/A 2022/23.

Following resident companies in Sri Lanka are enjoying an income tax exemption on profits earned from farming of agricultural produce for a period of 5 years. The tax holiday period has commenced during the Y/A 2019/20.

Kelani Valley Plantations PLC  
 Talawakelle Tea Estates PLC  
 Hayleys Agro Bio Tech (Pvt) Ltd.  
 Quality Seeds (Pvt) Ltd.  
 Horana Plantations PLC.



Following resident companies in Sri Lanka are enjoying an income tax exemption on profits earned from qualifying foreign service income:

Civaro International (Pvt) Ltd.  
 Hayleys Energy Services (Pvt) Ltd.  
 Sharaf Shipping Agency (Pvt) Ltd  
 Sri Lanka Shipping Company Ltd.  
 Haycarb PLC  
 Intermerc Marine (Pvt) Ltd.  
 Hayleys Business Solutions International (Pvt) Ltd  
 Innovative Solutions Lanka (Pvt) Ltd

Following resident companies are entitled for an income tax exemption to the extent that the profits derived from qualifying foreign source:

Bonterra Ltd.  
 Chas P Hayley & Company (Pvt) Ltd.  
 Hayleys Fibre PLC

### 11.5.2 In terms of BOI Agreements

Companies enjoying Tax Holidays under BOI Law are as follows:

Hayleys Neluwa Hydro Power (Pvt) Ltd	5 year tax holiday ended August 2022.
Martin Bauer Hayleys (Pvt) Ltd.	10 year tax holiday ending March 31, 2028
Sun Tan Beach Resorts Ltd.	15 year tax holiday ending March 31, 2030
Hayleys Free Zone Ltd.	Indefinitely

### 11.5.3 On Investment Income

#### Dividend Income

Many resident companies in Sri Lanka receiving dividend income enjoy the tax exemption on qualifying quantum of such dividend based on the following exemptions:

- (a) Dividend receipt from non-resident person;
- (b) A dividend paid by a resident company which has entered into an agreement with the BOI and which is engaged in offshore business and/or entrepot trade.
- (c)
  - (i) For dividends received in the 6 months ending 30th September 2022 - A dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, gains and profits from dividend received by that resident company;
  - (ii) For dividends received in the 6 months ending 31st March 2023 - A dividend paid by a resident company to a member to the extent that such dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company

#### Interest accrued on foreign currency deposits

Many resident companies in Sri Lanka are enjoying an income tax exemption on interest income accruing or deriving on moneys lying to its credit in foreign currency in a foreign currency account opened by such company, in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka.

## NOTES TO THE FINANCIAL STATEMENTS

### 11.6. Concessionary Tax Rates

#### 11.6.1. On Business Profits

##### (A) In terms of the Inland Revenue Act

In terms of the Inland Revenue Act No. 24 of 2017 as amended, the profits/losses of companies listed below are subject to the income tax concessionary rates of 14% / 18%\* for the mentioned undertaking for the 6 month period ending 30th September, 2022:

Sunfrost (Pvt) Ltd.	Agro processing
Hayleys Agriculture Holdings Ltd.	Manufacturing of goods
Hayleys Agro Farms (Pvt) Ltd.	Agro processing
Hayleys Agro Fertilizers (Pvt) Ltd.	Manufacturing of goods
Quality Seeds (Pvt) Ltd.	Agro processing
HJS Condiments Ltd.	Agro processing
Hayleys Agro Biotech (Pvt) Ltd	Export of goods
Kelani Valley Plantations PLC	Agro processing
Talawakelle Tea Estates PLC	Agro processing
Haycolour (Pvt) Ltd.	Export of goods / Manufacturing of goods
Haycarb PLC	Export of goods
Haycarb Value Added products (Pvt) Ltd.	Export of goods
Puritas (Pvt) Ltd.	Construction / Manufacturing of goods
Ultracarb (Pvt) Ltd.	Export of goods
Mabroc Teas (Pvt ) Ltd.	Export of goods / Manufacturing of goods
Meridian Exports (Pvt) Ltd.	Export of goods
Blue Mountain Tea Exports (Pvt) Ltd.	Export of goods
Hayleys Fabric PLC	Direct/indirect Export of goods / Manufacturing of goods
South Asia Textiles Ltd.	Direct/indirect Export of goods / Manufacturing of goods
Hayleys Fibre PLC	Export of goods
Ravi Industries Ltd.	Export of goods / Manufacturing of goods
Rileys (Pvt) Ltd.	Export of goods
Haymat ( Pvt) Ltd.	Export of goods
Toyo Cushion Lanka (Pvt) Ltd.	Export of goods / Manufacturing of goods
Chas P Hayley & Co (Pvt) Ltd.	Export of goods
Bonterra Ltd.	Export of goods
Hanwella Rubber Products Ltd.	Export of goods / Manufacturing of goods
Dipped Products PLC	Export of goods / Manufacturing of goods
DPL Universal Gloves Limited	Export of goods/ Manufacturing of goods
Creative Polymats (Pvt) Ltd.	Manufacturing of goods
Hayleys Tours (Pvt) Ltd.	Promotion of tourism
Kelani Valley Resorts (Pvt) Ltd.	Promotion of tourism
The Kingsbury PLC	Promotion of tourism
Culture Club Resorts (Pvt) Ltd.	Promotion of tourism
Kandyan Resorts (Pvt) Ltd.	Promotion of tourism
Bhagya Hydro (Pvt) Ltd.	Operating project for renewable energy
Kalupahana Power Company (Pvt) Ltd.	Operating project for renewable energy
Regnis Lanka PLC	Manufacturing of goods
Singer Industries (Ceylon) PLC	Manufacturing of goods
Alumex PLC	Export of goods / Manufacturing of goods
Star Lanka Shipping (Pvt) Ltd.	Qualifying services provided as a shipping agent / Transshipment operations
Horana Plantations PLC	Agro processing
Sharaf Shipping Agency (Pvt) Ltd.	Qualifying services provided as a shipping agent
Advantis Freight (Pvt) Ltd.	Freight forwarding
CEVA Logistics Lanka (Pvt) Ltd.	Freight forwarding

CMA CGM Lanka (Pvt) Ltd.	Qualifying services provided as a shipping agent
Cosco Shipping Lines Lanka (Pvt) Ltd.	Qualifying services provided as a shipping agent
Expelogix (Pvt) Ltd.	Freight forwarding
Hayleys Energy Services (Pvt) Ltd.	Qualifying services provided as a shipping agent/Freight forwarding
Logistic International Ltd.	Refurbishment of containers
Clarion Shipping ( Pvt) Ltd	Qualifying services provided as a shipping agent
Mountain Hawk (Pvt) Ltd.	Freight forwarding
NYK Lanka (Pvt) Ltd.	Qualifying services provided as a shipping agent / Transshipment operations
Yusen Logistics & Kusahara Lanka (Pvt) Ltd.	Freight forwarding
Advantis Projects & Engineering (Pvt) Limited	Construction / Manufacturing of goods / Export of goods
Sri Lanka Shipping Company Ltd.	Qualifying services provided as a shipping agent
Ocean Network Express Lanka (Pvt) Ltd.	Qualifying services provided as a shipping agent
Unisyst Engineering PLC	Manufacturing of goods
Diamond Shipping Services (Pvt) Ltd.	Qualifying services provided as a shipping agent
Intermarc Marine (Pvt) Ltd.	Other specified undertakings

\*18% rate is applicable for manufacturing, whilst 14% would apply for all other detailed undertakings above

#### **(B) BOI Companies**

As per agreements signed with the Board of Investment, the business income of the Companies listed below would be subject to the following concessionary tax rates. Periods indicated below:

Hayleys Neluwa Hydro Power (Pvt) Ltd.	10% up to August, 2024 (Rate applied from September, 2022)
Lanka Bunkering Services (Pvt) Ltd.	15% indefinitely
Hayleylines Ltd.	15% Indefinitely
Moceti International Pvt Ltd.	15% Indefinitely
Nirmalapura Wind Power (Pvt) Ltd.	15% indefinitely
TTEL Somerset Hydro Power (Pvt) Ltd.	20% Indefinitely
TTEL Hydro Power Company (Pvt) Ltd.	20% Indefinitely
Regnis Appliances (Pvt) Ltd	20% Indefinitely
Neluwa Cascade Hydro Power (Pvt) Ltd	20% indefinitely

#### **11.6.2. On Investment Income**

##### **Dividend Income**

In terms of the Inland Revenue Act No. 24 of 2017 as amended, resident companies in Sri Lanka receiving liable dividend income are subject to tax on the same at the following rates:

- (a) For dividends received in the 6 months ending 30th September 2022 - 14%;
- (b) For dividends received in the 6 months ending 31st March 2023 - 15%\*.

\*Liable dividends declared after 1st January 2023, would be subject to a mandatory final Advance Income Tax of 15% at source.

## NOTES TO THE FINANCIAL STATEMENTS

### 11.7 Non Resident Companies

Corporate income tax rates of the active non-resident companies are:

Company	Income tax rate
Haychem (Bangladesh) Ltd.	30%
PT Mapalus Makawanua Charcoal Industry.	22%
Haycarb USA Inc	30%
Logiwiz Logistics India (Pvt) Ltd.	25%
Eurocarb Products Ltd.	19%
Haycarb Holding Australia (Pty) Ltd.	30%
Carbokarn Co. Ltd.	20%
ICOGUANTI S.p.A.	27.9%
CK Regen Systems Co.Ltd.	20%
Haylex Ltd.	19%
Haylex BV	15%
Haylex Japan	22%
Charles Fibre (Pvt) Ltd.	25%
PT Haycarb Palu Mitra	22%
Dipped Products (Thailand) Ltd.	20%
Total Transport Solutions Maldives (Pvt) Ltd.	15%
Nautical Maldives (Pvt) Ltd.	15%
One World Logistics Maldives (Pvt) Ltd.	15%
Advantis Kusuvara Sedate Myanmar (Private) Ltd.	22%
Advantis Sedate Myanmar (Private) Ltd.	22%
Advantis Singapore (Pte) Ltd.	17%
Advantis Sabang Raya Lines (Pte) Ltd.	17%
PT Advantis Akaza Indonesia	22%
Advantis Intasl Bangladesh (Pvt) Ltd.	30%
Super Logistics (Pvt) Ltd.	15%
Shizuka Co.Ltd.	20%
Puricarb Pte. Limited	17%
Luxury Resorts (Pvt) Ltd.	15%
Hayleys Aventura BD Ltd	30%
DPL France SAS	25%
ROZENBAL POLSKA Sp. z.o.o	19%

## 12. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

### 12.1 Earnings Per Share

#### Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the year.

#### Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year.

Basic/diluted earning per share calculated as follows.

For the year ended 31st March	Consolidated		Company	
	2023	2022	2023	2022
Profit attributable to equity holders of the Parent (Rs.'000)	16,351,845	18,256,527	1,901,020	3,646,735
Weighted average number of ordinary shares of the parent ( No.)	750,000,000	750,000,000	750,000,000	750,000,000
Basic/diluted earnings per share (Rs.)	21.80	24.34	2.53	4.86

### 12.2 Dividends

For the year ended 31st March	Company	
	2023 Rs.'000	2022 Rs.'000
Interim/final dividend (Rs'000)	4,012,500	3,000,000
Dividend per ordinary share (Rs.)	5.35	4.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13 PROPERTY, PLANT &amp; EQUIPMENT

## 13.1 Consolidated

As at 31st March	Freehold Land	Mature/ immature plantations	Buildings	Plant, machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Vessels	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Cost or valuation:</b>									
Gross book value									
<b>At the beginning of the year</b>	35,193,627	7,854,781	35,069,908	62,000,263	2,091,957	9,547,355	10,426,333	162,184,224	130,429,126
Revaluation of land	-	-	-	-	-	-	-	-	3,482,837
Acquisition through business combinations	-	3,244,510	387,082	426,042	217,987	298,588	-	4,574,209	3,711,585
Additions	451,075	469,830	5,509,357	10,522,674	415,231	1,416,468	59,488	18,844,123	9,973,600
Write-offs	-	(8,082)	-	-	-	-	-	(8,082)	-
Transfer from/(to) Investment Properties	681,000	-	414,000	-	-	-	-	1,095,000	158,989
Transferred to Mature/Immature Plantation	-	-	-	-	-	-	-	-	(1,888)
Transfer to Intangible Assets	-	-	-	-	-	-	-	-	(45,905)
Disposals	-	-	(228,635)	(1,286,327)	(69,476)	(235,028)	(250)	(1,819,716)	(977,480)
Effect of movements in exchange rates	100,098	-	1,517,882	2,598,438	31,935	261,965	483,762	4,994,080	15,453,360
<b>At the end of the year</b>	<b>36,425,800</b>	<b>11,561,039</b>	<b>42,669,594</b>	<b>74,261,090</b>	<b>2,687,634</b>	<b>11,289,348</b>	<b>10,969,333</b>	<b>189,863,838</b>	<b>162,184,224</b>
<b>Depreciation:</b>									
<b>At the beginning of the year</b>	156,378	2,213,259	9,312,219	36,107,838	1,312,303	5,721,386	2,510,295	57,333,678	43,110,661
Acquisition through business combinations	-	948,463	136,162	307,071	198,898	133,776	-	1,724,370	1,530,400
Depreciation for the year	6,615	263,372	1,294,432	4,116,862	185,139	1,216,909	969,313	8,052,642	6,407,181
Transfer to Intangible Assets	-	-	-	-	-	-	-	-	(43,572)
Disposals	-	-	(54,599)	(542,190)	(25,630)	(183,624)	-	(806,043)	(822,374)
Effect of movements in exchange rates	3,415	-	333,920	1,438,754	24,813	105,170	58,997	1,965,069	7,151,382
<b>At the end of the year</b>	<b>166,408</b>	<b>3,425,094</b>	<b>11,022,134</b>	<b>41,428,335</b>	<b>1,695,523</b>	<b>6,993,617</b>	<b>3,538,605</b>	<b>68,269,716</b>	<b>57,333,678</b>
<b>Impairment :</b>									
<b>At the beginning of the year</b>	2,260	-	78,653	151,153	-	4,307	-	236,373	146,776
Effect of movements in exchange rates	-	-	-	11,042	-	-	-	11,042	17,518
Disposals	-	-	-	(96,382)	-	-	-	(96,382)	(25,541)
Impairment for the year	-	-	-	1,448	-	-	-	1,448	97,620
<b>At the end of the year</b>	<b>2,260</b>	<b>-</b>	<b>78,653</b>	<b>67,261</b>	<b>-</b>	<b>4,307</b>	<b>-</b>	<b>152,481</b>	<b>236,373</b>
<b>Net book value as at 31st March</b>	<b>36,257,132</b>	<b>8,135,945</b>	<b>31,568,807</b>	<b>32,765,494</b>	<b>992,111</b>	<b>4,291,424</b>	<b>7,430,728</b>	<b>121,441,641</b>	<b>104,614,173</b>
Capital work -in progress	-	-	-	-	-	-	-	4,865,344	6,575,678
<b>Carrying amount as at 31st March</b>								<b>126,306,985</b>	<b>111,189,851</b>

### 13.2 Company

As at 31st March	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Cost or valuation:</b>						
<b>At the beginning of the year</b>	226,410	38,907	108,285	258,377	631,979	768,194
Transfer to intangible assets	-	-	-	-	-	(45,905)
Additions	-	27,610	38,600	50,832	117,042	19,397
Disposals	-	-	-	(3,728)	(3,728)	(109,707)
<b>At the end of the year</b>	226,410	66,517	146,885	305,481	745,293	631,979
<b>Depreciation :</b>						
<b>At the beginning of the year</b>	202,108	32,938	88,228	210,225	533,499	632,075
Transfer to intangible assets	-	-	-	-	-	(43,572)
Depreciation for the year	11,624	1,945	17,141	17,913	48,623	48,585
Disposals	-	-	-	(3,180)	(3,180)	(103,589)
<b>At the end of the year</b>	213,732	34,883	105,369	224,958	578,942	533,499
<b>Net book value as at 31st March</b>	12,678	31,634	41,516	80,523	166,351	98,480
Capital work in progress					36,532	1,615
<b>Carrying amount as at 31st March</b>					202,883	100,095

### 13.3 Carrying Value

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
At cost	90,049,853	76,154,862	202,883	100,095
At valuation	36,257,132	35,034,989	-	-
	126,306,985	111,189,851	202,883	100,095

**13.4** No borrowing costs have been capitalised under property, plant and equipment during the year ended 31 March 2023 (2022 - Nil).

## NOTES TO THE FINANCIAL STATEMENTS

**13.5** Group Property, plant & equipment includes buildings on leasehold lands. The carrying amount of these assets are:

As at 31st March	Consolidated			
	Cost	Accumulated depreciation/ amortisation	Carrying value 2023	Carrying value 2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Buildings	11,013,388	1,220,801	9,792,587	7,673,751
<b>Total</b>	11,013,388	1,220,801	9,792,587	7,673,751

**13.6** Amounts by which values have been increased in respect of land revalued by independent qualified valuers are indicated below, together with the last date of revaluation:

As at 31st March	Location/Date of valuation	Revaluation surplus	
		2023	2022
		Rs.'000	Rs.'000
Darley Property Holdings (Pvt) Ltd/ Hayleys PLC	Colombo (31.03.2022)	3,110,691	3,110,691
World Export Center Ltd.	Colombo (31.03.2022)	13,055,466	13,055,466
Volanka (Pvt) Ltd.	Katana (31.03.2022)	400,006	400,006
	Galle (31.03.2022)	285,027	285,027
Chas P. Hayley & Co. (Pvt) Ltd.	Galle (31.03.2022)	1,124,788	1,124,788
	Kuliyapitiya (31.03.2022)	45,721	45,721
	Madampe (31.03.2022)	63,736	63,736
Dipped Products PLC	Kottawa/Kiribathgoda/Khuan Niang (31.03.2022)	334,617	334,617
Alumex PLC	Gonawala (31.03.2022)	92,336	92,336
	Ekala (31.03.2022)	136,960	136,960
	Makola (31.03.2022)	404,106	404,106
	Makola (31.03.2022)	23,525	23,525
Haycarb PLC	Badalgama & Madampe (31.03.2022)	109,536	109,536
	Wewalduwa (31.03.2022)	325,579	325,579
Recogen (Pvt) Ltd.	Badalgama (31.03.2022)	99,950	99,950
Carbokarn Co. Ltd	Thailand (31.03.2022)	207,636	207,636
Shizuka Co. Ltd	Ratchaburi (31.03.2022)	86,917	86,917
PT Mapalus Makawanua	Bitung (31.03.2022)	251,064	251,064
PT Haycarb Palu Mitra	Palu City (31.03.2022)	113,396	113,396
Hayleys Agriculture Holdings Ltd	Dambulla (31.03.2022)	11,122	11,122
	Kottawa (31.03.2022)	178,690	178,690
Haychem Bangladesh Ltd	Mymensingh (31.03.2022)	62,292	62,292
Hayleys Industrial Solutions (Pvt) Ltd.	Malabe (31.03.2022)	298,935	298,935
Haycolour (Pvt) Ltd.	Kalutara (31.03.2022)	65,636	65,636
Hayleys Fibre PLC	Kuliyapitiya & Mahagama (31.03.2022)	207,473	207,473
Hayleys Advantis Ltd.	Welisara/Kelaniya/Seeduwa/Sedawatte (31.03.2022)	2,946,063	2,946,063
	Kotugoda (31.03.2022)	1,277,531	1,277,531
Singer (Sri Lanka) PLC	Ambalantota (31.03.2022)	4,800	4,800
	Balangoda (31.03.2022)	2,450	2,450
	Bandarawela (31.03.2022)	3,748	3,748
	Borella (31.03.2022)	16,500	16,500
	Chilaw (31.03.2022)	2,513	2,513
	Colpetty (31.03.2022)	6,800	6,800
	Eheliyagoda (31.03.2022)	2,746	2,746
	Gampaha (31.03.2022)	9,435	9,435
	Hikkaduwa (31.03.2022)	2,685	2,685
	Katugastota (31.03.2022)	1,819	1,819
	Kiridiwella (31.03.2022)	2,075	2,075
	Middeniya (31.03.2022)	613	613
	Mount Lavinia (31.03.2022)	7,550	7,550



As at 31st March	Location/Date of valuation	Revaluation surplus	
		2023	2022
		Rs.'000	Rs.'000
	Mount Lavinia-Mega (31.03.2022)	13,935	13,935
	Negombo (31.03.2022)	4,000	4,000
	Pussellawa (31.03.2022)	2,686	2,686
	Trincomalee (31.03.2022)	3,290	3,290
	Wellawatta (31.03.2022)	10,464	10,464
	Galle (31.03.2022)	5,700	5,700
	Embilipitiya (31.03.2022)	1,400	1,400
	Kadawatha (31.03.2022)	13,700	13,700
	Kandy (31.03.2022)	300	300
	Kurunegala (31.03.2022)	2,200	2,200
	Maharagama (31.03.2022)	2,800	2,800
	Matara (31.03.2022)	2,200	2,200
	Nawalapitiya (31.03.2022)	100	100
	Panadura (31.03.2022)	100	100
	Piliyandala (31.03.2022)	200	200
Reality Lanka Ltd.	Ahangama (31.03.2022)	500	500
	Attidiya (31.03.2022)	3,400	3,400
	Moratuwa (31.03.2022)	6,730	6,730
	kandy (31.03.2022)	5,025	5,025
	Galle (31.03.2022)	6,000	6,000
	Kadawatha (31.03.2022)	8,600	8,600
	Kalawana (31.03.2022)	2,000	2,000
	Maradana (31.03.2022)	4,500	4,500
	Trincomalee (31.03.2022)	5,000	5,000
	Ambanpola (31.03.2022)	4,000	4,000
Regnis (Lanka) PLC	Ratmalana (31.03.2022)	69,100	69,100
Singer Industries (Ceylon) PLC	Ratmalana (31.03.2022)	204,290	204,290
Ravi Industries (Pvt) Ltd.	Ekala (31.03.2022)	544,000	544,000
Volanka Exports (Pvt) Ltd.	Welipanna (31.03.2022)	61,214	61,214
Rileys Ltd	Ja-Ela (31.03.2022)	408,838	408,838
Toyo Cushion Lanka (Pvt) Ltd.	Katana (31.03.2022)	61,640	61,640
Sunfrost (Pvt) Ltd.	Allawwa (31.03.2022)	49,785	49,785
	Padiyatalawa (31.03.2022)	22,119	22,119
Bhagya Hydro (Pvt) Ltd.	Gomala Oya (31.03.2022)	1,700	1,700
Neluwa Cascade Hydro Power (Pvt) Ltd.	Neluwa (31.03.2022)	3,140	3,140
Hayleys Neluwa Hydro Power Pvt (Ltd).	Mawanana (31.03.2022)	1,006	1,006
Hayleys Fabric PLC	Neboda (31.03.2022)	182,319	182,319
Unisyst Engineering PLC	Kotugoda (31.03.2022)	23,719	23,719
Kandyan Resorts (Pvt) Ltd.	Kandy (31.03.2022)	532,999	532,999
Culture Club Resorts (Pvt) Ltd.	Dambulla (31.03.2022)	5,264	5,264
		27,662,496	27,662,496
Income tax on revaluation		(3,148,510)	(2,226,631)
Revaluation reserve attributable to Non controlling interest		(1,895,053)	(1,695,030)
		22,618,932	23,740,835
Adjustment due to change in holding		377,576	350,321
		22,996,507	24,091,156

## NOTES TO THE FINANCIAL STATEMENTS

**13.7** Land owned by the Group was revalued as at 31st March 2022 by an independent Chartered Valuation Surveyor. The fair value of the land was determined based on transaction observed in the market, appropriately adjusted for differences in the nature, location or condition of the specific property.

Directors believe that there are no significant differences in the market value compared to last year.

**13.8** Lands owned by the Group other than that mentioned above have been stated at cost as the appreciation in value is insignificant. Further information is provided on page 434 to 437.

**13.9** There has been an impairment of property, plant & equipment amounting to Rs. 1.45 mn (2022 - 97.62 mn). Details are as follows.

	Consolidated	
	2023 Rs.'000	2022 Rs.'000
Buildings	-	11,571
Machinery & Stores Equipment	1,448	86,049
<b>Total impairment</b>	<b>1,448</b>	<b>97,620</b>

The impairment losses were recognised in Hayleys Fabric PLC (Rs. 1.45 mn) in respect of obsolete machinery in the year 31st March 2023.

The Group disposed property, plant and equipment with a carrying value of Rs. 311.52 mn during the year 31st March 2023 due to a fire outbreak that occurred in February 2023.

**13.10** Property, plant & equipment with a carrying value of Rs. 26.732 mn (2022 - Rs. 21,874 mn) and Rs. Nil (2022 - Nil) for the Group and Company respectively have been pledged as security for term loans obtained. The details are shown in Note 25 to the Financial Statements.

**13.11** The carrying value of revalued lands given above, had the said lands been included at cost, would amount to Rs. 7,992 mn (2022 -Rs. 7,811 mn) for the Group and Rs Nil (2022- Nil ) to the Company.

**13.12** The cost of fully depreciated property plant and equipment which are still in use at the reporting date is as follows.

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Buildings	1,226,431	1,072,447	-	-
Plant, & machinery and store equipment	18,197,909	15,354,650	30,416	29,330
Furniture, fittings and office equipment	3,894,971	3,190,548	174,870	168,760
Motor vehicles and vessels	2,714,960	1,303,172	86,782	23,507
	<b>26,034,271</b>	<b>20,920,817</b>	<b>292,068</b>	<b>221,597</b>

### 13.13 Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors as at 31st March, 2023 were:

- Capital expenditure contracted for which no provision is made in the Financial Statements for the Group - Rs. 785 mn (2022 - Rs. 1,082 mn) and for the Company Rs. Nil (2022 - Nil).

- Capital expenditure approved by the Directors but not contracted for the Group Rs. 1,185 mn (2022 - Rs. 2,062 mn) and for the Company Rs. Nil (2022 - Nil).

### 13.14 Unobservable Inputs used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used in measuring fair value of land as of 31 March 2023 and 31 March 2022.

Category	District	Valuation Technique	Significant Unobservable Input	Range of Estimate (Weighted Average) for Unobservable Input Rs'000	Fair Value Measurement Sensitivity to Unobservable Input
Freehold land	Ampara	Open Market basis	Land -Rate per perch	11 to 13	Significant increases / (decreases) in estimated price per perch in isolation would result in a significantly higher / (lower) fair value.
	Matale			22 to 31	
	Puttalam			30 to 3,500	
	Gampaha			45 to 5,500	
	Kurunegala			50 to 600	
	Colombo			90 to 22,000	
	Kegalle			100 to 125	
	Kalutara			100 to 3,500	
	Trincomalee			100 to 3,750	
	Galle			1,000 to 6,000	
	Kandy			1,175 to 5,000	
	Hambantota			1,500 to 3,000	
	Ratnapura			2,000 to 4,000	
	Badulla			2,500 to 3,500	
Matara	3,500 to 4,500				
Nuwara Eliya	4,000 to 4,500				

## 14 RIGHT-OF-USE ASSETS

### 14.1 Consolidated

As at 31st March	Land	Mature/ Immature Plantations	Building	Motor vehicles	Furniture, fittings & office equipment	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	5,301,729	90,560	5,786,753	196,383	13,662	11,389,087	9,934,309
Acquisition through business combinations	158,721	9,422	10,249	-	354	178,746	159,617
Increase/Decrease to recognised assets	220,380	-	(103,064)	-	-	117,316	(37,804)
Additions	55,027	-	1,945,710	37,019	-	2,037,756	2,218,515
Derecognition	(53,453)	-	(113,915)	-	-	(167,368)	(41,183)
Depreciation for the year	(214,330)	(14,791)	(1,320,605)	(82,772)	(7,395)	(1,639,893)	(1,752,023)
Effect of movements in exchange rates	309,939	-	(25,987)	(9,203)	-	274,749	907,656
<b>At the end of the year</b>	5,778,013	85,191	6,179,141	141,427	6,621	12,190,393	11,389,087

## NOTES TO THE FINANCIAL STATEMENTS

## 14.2 Company

As at 31st March	Building	Total 2023 Rs.'000	Total 2022 Rs.'000
<b>At the beginning of the year</b>	191,497	191,497	255,329
Depreciation for the year	(63,833)	(63,833)	(63,832)
<b>At the end of the year</b>	127,664	127,664	191,497

## 15 INVESTMENT PROPERTIES

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Carrying value :</b>				
<b>At the beginning of the year</b>	2,601,101	2,824,180	88,850	79,600
Additions	94,768	-	-	-
Transfer to Property Plant & Equipment	(1,095,000)	(158,989)	-	-
Disposals	-	(392,633)	-	-
Change in fair value during the year	347,457	328,543	5,900	9,250
<b>At the end of the year</b>	1,948,326	2,601,101	94,750	88,850

## 15.1 Rental Income

For the year ended 31st March	2023 Rs.'000	2022 Rs.'000
Rental income derived from investment properties	85,457	90,486
Direct operating expenses generating rental income	(8,550)	(5,241)
<b>Net profit arising from investment properties</b>	76,907	85,245

## 15.1.1 The Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31st March are as follows

For the year ended 31st March	2023 Rs.'000	2022 Rs.'000
Within one year	46,400	81,842
After one year but not more than five years	70,915	83,759

### 15.1.2 The Company as a lessor

The Company has entered into operating leases on its building rented as office space to other related and non-related companies. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Company during the year is Rs. 509 mn (2022 - Rs. 432 mn).

Future minimum rentals receivable under non-cancellable operating leases as at 31st March are as follows

For the year ended 31st March	2023 Rs.'000	2022 Rs.'000
Within one year	537,375	449,342
After one year but not more than five years	2,149,502	1,797,367

**15.2** Investment properties are stated at fair value. The fair values of investment properties as at 31st March, 2023 based on valuation performed by Mr. P.B. Kalugalgedara (Chartered Valuation Surveyor), an accredited independent, industry specialist are given below. The valuations had been carried out based on transactions observed in the market

The details of fair value of investment properties of the Group as follows:

Company	Location	Building area (Sq Ft)	Land in acres	Value of building Rs '000	Value Of land Rs '000	Total Rs'000 2023
Eastern Hotels (Pvt) Ltd.	Nilakarai Estate, Nilaweli, Trincomalee	600	23.47	1,380	845,120	846,500
Hayleys Advantis Group	No 121, Sir James Peiris Mawatha, Colombo 2	1,932	-	173,300	-	173,300
Rileys (Pvt) Ltd.	131,Minuwangoda Road, Ekala	91,582	3.80	226,286	607,490	833,776
Hayleys PLC	Kaluwamodara, Bentota	-	0.28	-	94,750	94,750
				400,966	1,547,360	1,948,326

Category	District	Valuation Technique	Range of Estimate Rs'000 2023	Unobservable Input Rs'000 2022
Freehold land	Colombo	Open market basis (Land Rate per perch)	15,000 to 18,000	13,000 to 16,000
	Gampaha		750 to 1250	700 to 1,000
	Kalutara		2,000 to 3,000	2,000 to 2,500
	Trincomalee		200 to 215	200 to 215

**15.3** The Group has no restriction on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop its investment properties or for maintenance and enhancement.

## 16 BIOLOGICAL ASSETS

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	599,064	530,543
Increase due to development	16,654	19,131
Change in fair value of biological assets	138,628	67,692
Decrease due to harvest	(32,823)	(20,190)
Acquisition of subsidiaries	591,546	-
<b>Transfer from immature/mature plantation</b>	-	1,888
<b>At the end of the year</b>	1,313,069	599,064

## NOTES TO THE FINANCIAL STATEMENTS

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

### Talawakelle Tea Estates PLC

The fair value of matured managed trees were ascertained in accordance with LKAS 41. The valuation was carried by Messer's FRT Valuation Services (Pvt) Ltd, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

### Kelani Valley Plantations PLC

The fair value of matured managed trees was ascertained in accordance with LKAS 41. The valuation was carried out by Messer's FRT Valuation Services (Pvt) Ltd, using Market Approach. In ascertaining the fair value of timber, a physical verification was carried out covering the estates on sample basis.

### Horana Plantations PLC

The fair value of managed trees was ascertained in accordance with LKAS 41. The valuation was carried by Chartered Valuer Mr.A.A.M.Fathihu - Proprietor of FM Valuers for 2022/23 using Discounted Cash Flow (DCF) method .

## 16.1 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

### Talawakelle Tea Estates PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2023	2022	
Consumable managed biological assets	Discounted cash flows	Discounting Rate	19.5%	15.4%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	15-25 Years	25-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25 - 140 cu. Ft	25-140 cu. ft	The higher the volume, the higher the fair value
		Price per cu. ft.	Rs. 80/- to Rs. 6,000/-	Rs.50/- to Rs.3,000/-	The higher the price per cu. ft., the higher the fair value

Other key assumptions used in valuation

- 1 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.
- 2 The prices adopted are net of expenditure
- 3 Though the replanting is a condition precedent for harvesting' yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. The Board of Directors is of the opinion that the sensitivity analysis regarding selling price and discount rate variations are as follows;

It does, nevertheless, concern the directors that no estimate of fair value can ever be completely accurate. Moreover, in the case of the group's biological assets, small differences in valuation assumptions can have a quite disproportionate effect on results. Another concern is that, as shown from an international benchmark, there is currently no uniform approach within the plantation sector when it comes to defining the major variables, such as selling price and/or discount rates, in the DCF models resulting in the LKAS 41 values.

The carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of Financial Position is Rs. nil. (2022 - Rs. nil).

#### Kelani Valley Plantations PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2023	2022	
Consumable managed biological assets	Market Approach	Discounting Rate	17.5%	15.4%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25-35 Years	25-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	25-85 cu.ft	25-140 cu.ft	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs.450/- to Rs.9,000/-	Rs.50/- to Rs.3,000/-	The higher the price per cu. ft., the higher the fair value

#### Other key assumptions used in valuation

1. It is assumed that the felling of trees will be undertaken at maturity for the period not covered under the Forestry Management Plan. Majority of the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility. Remaining timber trees which have not come up to a harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rational investor.
2. The price adopted could vary based on the species and the girth of the respective species and are on the spare net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.
4. Pre commercial stand are valued on cost approach and 15 years is taken as per merchantable depending on the growth.

The valuations, as presented in the external valuation models based on market values, take into account the possible market conditions and long-term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the active market prices and other variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that active market price projections are highly unpredictable. The sensitivity analysis regarding selling price and discount rate variations are as follows,

#### Horana Plantations PLC

Non Financial Asset	Valuation technique	Unobservable inputs	Range of unobservable inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2023	2022	
Consumable managed biological assets	Discounted Cash flows	Discounting Rate	17.5% - 19.5%	15.4%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25-35 Years	20-25 Years	Lower the rotation period, the higher the fair value
		Volume at rotation	15-65 cu.mt	23-95 cu.ft	The higher the price per cu. dcm., the higher the fair value
		Price per cu.ft.	Rs. 325/- to Rs. 1,685/-	Rs.50/- to Rs.2,860/-	The higher the price per cu. ft., the higher the fair value

#### Other key assumptions used in valuation

1. The price adopted could vary based on the on timber location, mi girth, elevation, length and restrictions of the respective species.
2. The prices adopted are net of expenditure

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisation value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable.

## NOTES TO THE FINANCIAL STATEMENTS

### 16.2 Sensitivity Analysis

#### Sensitivity variation sales price

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

Sales Price fluctuation Managed Timber	+10% Rs.'000	-10% Rs.'000

#### Talawakelle Tea Estates PLC

<b>As at 31 March 2023</b>	41,257	(41,257)
As at 31 March 2022	32,039	(32,039)

#### Kelani Valley Plantations PLC

<b>As at 31 March 2023</b>	23,760	(23,760)
As at 31 March 2022	21,269	(21,269)

#### Horana Plantations PLC

<b>As at 31 March 2023</b>	56,860	(56,860)
----------------------------	--------	----------

#### Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% (2022 - 1.5%) of the discount rate has the following effect on the net present value of biological assets:

Discount rate fluctuation Managed Timber	1% Rs.'000	-1% Rs.'000

#### As at 31 March 2023

Talawakelle Tea Estates PLC	(1,091)	1,211
Kelani Valley Plantations PLC	(73)	76
Horana Plantations PLC	(22,999)	26,067

Discount rate fluctuation Managed Timber	1.5% Rs.'000	-1.5% Rs.'000

#### As at 31 March 2022

Talawakelle Tea Estates PLC	(1,187)	1,244
Kelani Valley Plantations PLC	(511)	481



**17 INTANGIBLE ASSETS**

As at 31st March	Consolidated						
	Right to generate Hydro/solar power/development cost Rs.'000	Goodwill Rs.'000	ERP system Rs.'000	Brand name/trade mark Rs.'000	Customer list Rs.'000	Total 2023 Rs.'000	Total 2022 Rs.'000
<b>Cost :</b>							
<b>At the beginning of the year</b>	237,231	14,336,232	3,040,208	320,128	152,420	18,086,219	15,080,016
Acquisition through business combinations	-	538,424	-	-	-	538,424	89,304
Additions	-	-	474,356	103,153	-	577,509	2,650,820
Transferred from Property Plant & Equipment	-	-	-	-	-	-	45,905
<b>Disposals</b>	-	-	(7,485)	-	-	(7,485)	(67,416)
Effect of movements in exchange rates	-	-	92,979	-	-	92,979	287,590
<b>At the end of the year</b>	237,231	14,874,656	3,600,058	423,281	152,420	19,287,646	18,086,219
<b>Amortisation :</b>							
At the beginning of the year	109,975	145,959	1,965,345	32,000	152,420	2,405,699	1,868,410
Acquisition through business combinations	-	-	-	-	-	-	18,504
Amortisation for the year	11,732	-	288,683	17,522	-	317,937	259,642
Transferred from Property Plant & Equipment	-	-	-	-	-	-	43,572
Disposals	-	-	(5,131)	-	-	(5,131)	(17,694)
Effect of movements in exchange rates	-	-	87,373	-	-	87,373	233,265
<b>At the end of the year</b>	121,707	145,959	2,336,270	49,522	152,420	2,805,878	2,405,699
<b>Impairment :</b>							
At the beginning of the year	-	137,864	-	-	-	137,864	-
Impairment for the year	-	-	-	-	-	-	137,864
<b>Amortisation for the year</b>	-	137,864	-	-	-	137,864	137,864
<b>Net book value</b>	115,524	14,590,833	1,263,788	373,759	-	16,343,904	15,542,656
<b>Capital work in progress</b>						32,147	1,375
<b>Carrying amount</b>						16,376,051	15,544,031

## NOTES TO THE FINANCIAL STATEMENTS

## 17.1 Company

As at 31st March	Company		
	ERP system Rs.'000	Total 2023 Rs.'000	Total 2022 Rs.'000
<b>Cost :</b>			
<b>At the beginning of the year</b>	114,980	114,980	-
Transferred from Property Plant & Equipment	-	-	45,905
Additions	-	-	73,208
Disposals	-	-	(4,133)
<b>At the end of the year</b>	114,980	114,980	114,980
<b>Amortisation :</b>			
<b>At the beginning of the year</b>	42,045	42,045	-
Transferred from Property Plant & Equipment	-	-	43,572
Amortisation for the year	13,160	13,160	2,606
Disposals	-	-	(4,133)
<b>At the end of the year</b>	55,205	55,205	42,045
<b>Net book value</b>	59,775	59,775	72,935
Capital work in progress	5,470	5,470	1,375
<b>Carrying amount</b>	65,245	65,245	74,310

**17.2** Rs. 138.86 mn of Goodwill has been impaired from the Hayleys Leisure Group in the year ended 31st March 2022.

**17.3 Right to Generate Hydro/Solar Power and Development Costs**

The details of remaining amortisation period of right to generate hydro power, solar power and development cost.

Company	Category	Remaining amortisation period	2023 (RS.'000)	2022 (RS.'000)
Neluwa Cascade Hydro Power (Pvt) Ltd.	Hydro power	-	-	175
TTEL Somerset Hydro Power (Pvt) Ltd.	Hydro power	0.6 years	440	1,320
TTEL Hydro Power Company (Pvt) Ltd.	Hydro power	0.6 years	440	1,320
Nirmalapura Wind Power (Pvt) Ltd.	Development cost	8 years	24,008	26,833
Solar One Ceylon (Pvt) Ltd.	Solar power	13 years	90,636	97,608
			115,524	127,256

#### 17.4 Goodwill

The aggregate carrying amount of goodwill allocated to each unit is as follows;

As at 31st March	2023 Rs. mn	2022 Rs. mn	Recoverable amount is based on
Dipped Products PLC	97	97	FVLCD*
Dipped Products' Group Companies	33	33	VIU**
Advantis Group Companies	634	538	VIU**
Haycarb Group Companies	202	202	VIU**
The Kingsbury PLC	633	633	VIU**
Hayleys Plantation Services (Pvt) Ltd.	664	220	VIU**
Alumex PLC	1,052	1,052	VIU**
Hayleys Leisure Group Companies	1,415	1,415	VIU**
Unisyst Engineering PLC	20	20	VIU**
Fentons Group Companies	532	532	VIU**
Singer (Sri Lanka ) PLC	7,205	7,205	VIU**
South Asia Textiles Limited	2,104	2,104	VIU**
	14,591	14,052	

##### 17.4.1 CGUs in which the carrying amount of goodwill is 'significant' in comparison with the entity's total carrying amount

As at 31st March	2023		2022	
	Discount Rate	Terminal Growth Rate	Discount Rate	Terminal Growth Rate
Singer (Sri Lanka) PLC	14%-23%	3.0%	13.0%	3.0%
Hayleys Leisure Group Companies	14%-23%	4.0%	15.0%	3.0%
The Kingsbury PLC	14%-23%	4.0%	15.0%	3.0%
Alumex PLC	14%-23%	2.0%	15.0%	3.0%
South Asia Textiles Ltd.	14%-23%	3.0%	11.0%	2.5%

##### 17.4.2 CGUs in which the carrying amount of goodwill is not "significant" individually in comparison with the entity's total carrying amount:

	2023	2022
Discount rate	14%-23%	15%-17%
Terminal growth rate	2%-4%	2%-4%

## NOTES TO THE FINANCIAL STATEMENTS

### Projected adjusted EBITDA

Projected adjusted EBITDA has been based on past experience adjusted for the following;

- Revenue is expected to continue to grow as increase in market share along with higher margins, and new products and services are introduced.
- Margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and by positive factors such as the efficiencies expected from the implementation of Group initiatives.

### Terminal growth rate

For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of

- the nominal GDP growth rate forecasts for the country of operations; and
- the long-term compound annual growth rate in adjusted EBITDA as estimated by management

Long-term compound annual growth rates determined by management may be lower than forecast nominal GDP growth rates due to the following market-specific factors: competitive intensity levels, maturity of business, regulatory environment or sector-specific inflation expectations.

### Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate

## 17.5 Brand Name / Trade Mark

**17.5.1** The Group has recognised an intangible asset for the Amaya chain of hotels from the acquisition of Hayleys Leisure PLC.

"Amaya" brand name is a well established name in the leisure sector. Management is of the opinion that the brand name will be a key attraction in the future booming leisure sector.

**17.5.2** Group has recognised an intangible asset in respect of brand name, trade mark, distribution rights through the acquisition of Singer (Sri Lanka) PLC.

### SISIL trademark

The company had acquired the "SISIL" trade mark in December 2000, amounting to Rs. 55 mn. The management is of the opinion that the aforementioned trademark has an indefinite useful life as their associated brand awareness and recognition has existed over 30 years and the company intends to utilise the said trademark for the foreseeable future. There are no legal, regulatory, contractual, competitive, economic or other factors that may limit its useful life and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for any impairment as at 31st March 2023:

	2023	2022
Annual sales growth for next five years	10%	10%
Gross margin	26%	26%
Discount rate	22%	10%
Indefinite growth rate after Year 2025/2026	2%	2%

#### UNIC trademark

The company had acquired the 'UNIC' Trade mark in 2006 amounting Rs. 38.51 mn. This trade mark is also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph and accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2023:

	2023	2022
Annual sales growth for next five years	8%	8%
Gross margin	27%	29%
Discount rate	22%	10%
Indefinite growth rate after Year 2025/2026	2%	2%

#### SONY distribution rights

The company had acquired the distribution rights of brand 'SONY' in 2014 amounting Rs. 46.43 mn. This assets are now carried at cost subject to annual impairment test and carrying amount as at 31st December 2015 is Rs. 46.43 mn. This distribution right also considered to have an indefinite useful life due to the factors mentioned in the preceding paragraph accordingly, the carrying amount of this trademark is determined after testing for impairment annually. Following assumptions are made to test for impairment as at 31st March 2023:

	2023	2022
Annual sales growth for next five years	5%	5%
Gross margin	20%	20%
Discount rate	22%	10%
Indefinite growth rate after Year 2025/2026	2%	2%

#### 17.6 Customer List

Group has recognised an intangible asset in respect of customer relationship through the acquisition of Amaya Leisure PLC.

The established customer lists of Amaya Hotels is acknowledged as a key component in generation of revenue through travel agents and tour operators. The management is of the opinion that the company is capable of retaining the travel agents through business relationship strategies and this would ensure retention and lead to repeat business over the future years and inflow of future economic benefits from them.

## NOTES TO THE FINANCIAL STATEMENTS

## 18 INVESTMENTS

## 18.1 Company Investment in Subsidiaries

As at 31st March	% Holding		No. of Shares			Value		
	2023	2022	2023	Addition/ Disposal	2022	2023 Rs.'000	Movement Rs.'000	2022 Rs.'000
<b>Investee</b>								
<b>Quoted investments*</b>								
Haycarb PLC (Rs. 11,330 Mn)	68	68	201,251,030	-	201,251,030	47,204	-	47,204
Hayleys Fibre PLC (Rs. 782 Mn)	65	65	15,600,000	-	15,600,000	3,575	-	3,575
Dipped Products PLC (Rs. 6,983 Mn)	42	42	252,109,380	-	252,109,380	408,490	-	408,490
Hayleys Fabric PLC (Rs. 6,173 Mn)	59	59	244,974,046	-	244,974,046	1,355,791	-	1,355,791
Amaya Leisure PLC (Rs. 1,121 Mn)	43	43	46,690,587	-	46,690,587	2,302,080	-	2,302,080
Alumex PLC (Rs. 2,582 Mn)	53	53	314,826,064	-	314,826,064	1,381,879	-	1,381,879
Singer (Sri Lanka) PLC (Rs. 11,757 Mn)	70	70	783,801,111	-	783,801,111	12,375,298	-	12,375,298
The Kingsbury PLC (Rs. 1,729 Mn)	36	36	174,614,114	-	174,614,114	1,449,123	-	1,449,123
			2,033,866,332	-	2,033,866,332	19,323,440	-	19,323,440
<b>Unquoted Investments</b>								
Chas P. Hayley & Company (Pvt) Ltd.	100	100	999,920	-	999,920	698	-	698
Ravi Industries (Pvt) Ltd.	86	86	10,853,727	2,250	10,851,477	18,456	106	18,350
Hayleys Group Services Ltd.	100	100	10,000	-	10,000	100	-	100
Dean Foster (Pvt) Ltd.	98	98	11,764,706	-	11,764,706	104,620	-	104,620
Hayleys Advantis Ltd.	91	90	33,154,553	364,649	32,789,904	404,019	99,037	304,930
Volanka Exports (Pvt) Ltd.	4	4	130,800	1,306	129,494	2,107	3	2,104
Sunfrost (Pvt) Ltd.	5	5	423,300	-	423,300	4,233	-	4,233
Rileys (Pvt) Ltd.	4	4	5,000,000	-	5,000,000	10,333	-	10,333
Volanka (Pvt) Ltd.	62	62	6,440	-	6,440	23,107	-	23,107
Toyo Cushion Lanka (Pvt) Ltd.	19	18	1,243,870	209	1,243,661	14,361	17	14,344
Hayleys Produce Marketing Ltd.	100	100	250,000	-	250,000	2,532	-	2,532
Carbotels (Pvt) Ltd.	75	75	27,578,769	-	27,578,769	308,004	-	308,004
HJS Condiments Ltd.	10	10	1,274,548	1,460	1,273,088	19,734	125	19,609
Hayleys Agriculture Holdings Ltd.	98	98	23,282,625	74,968	23,207,657	790,007	17,487	772,520
Hayleys Consumer Products Ltd.	99	99	19,489,742	-	19,489,742	252,707	-	252,707
Hayleys Aventura (Pvt) Ltd.	100	100	38,748,400	-	38,748,400	387,484	-	387,484
Hayleys Business Solutions International (Pvt) Ltd.	100	100	15,000,000	-	15,000,000	150,000	-	150,000
Nirmalapura Wind Power (Pvt) Ltd.	30	30	29,900,000	-	29,900,000	154,204	-	154,204
Fentons Ltd.	100	100	120,442,630	61,000,000	59,442,630	1,420,953	610,000	810,953
Hayleys Tours (Pvt) Ltd.	100	100	500,000	-	500,000	5,000	-	5,000
Luxury Resort (Pvt) Ltd.	100	100	18,349,800	-	18,349,800	1,780,934	-	1,780,934
World Export Center Ltd.	100	100	1,055,641,700	-	1,055,641,700	10,556,417	-	10,556,417
Hayleys Fabric Solutions Ltd.	100	100	6	-	6	-	-	-
MIT Global Solutions (Pvt) Ltd.	2	2	25,500	-	25,500	52	-	-
Haylex BV	100	100	1,000	-	1,000	25,734	-	25,734
Darley Property Holdings (Pvt) Ltd.	100	100	394,630,388	-	394,630,388	3,946,303	-	3,946,303
			1,808,702,424	61,444,842	1,747,257,582	20,382,098	726,774	19,750,959
<b>Company investment in subsidiaries (at cost)</b>			<b>3,842,568,756</b>	<b>61,444,842</b>	<b>3,781,123,914</b>	<b>39,705,538</b>	<b>726,774</b>	<b>38,978,712</b>
<b>Provision for fall in value of investment made by the company</b>								
Hayleys Business Solutions International (Pvt) Ltd.						(75,000)	-	(75,000)
<b>Company investment in subsidiaries</b>						<b>39,630,538</b>	<b>726,774</b>	<b>38,903,712</b>

\* Figures in brackets indicate market value of quoted investments.

## 18.2 Investment in Equity Accounted Investees

Investor As at 31st March	Investee	Consolidated							
		% Holding		No. of Shares			Value Rs.'000		
		2023	2022	2023	Movement	2022	2023	Movement	2022
Hayleys Advantis Group	Yusen Logistics & Kusuhara (Pvt) Ltd.	30	30	195,000	-	195,000	1,950	-	1,950
Puritas ( Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	2,450,000	-	2,450,000	24,500	-	24,500
Hayleys Aventura (Pvt) Ltd.	Joule Power (Pvt) Ltd.	25	25	26,250,000	-	26,250,000	262,500	-	262,500
Hayleys Aventura (Pvt) Ltd.	Beta Power (Pvt) Ltd.	25	25	26,250,000	-	26,250,000	262,500	-	262,500
Kelani Valley Plantations PLC	Martin Bauer Hayleys (Pvt) Ltd.	10	10	39,091,550	-	39,091,550	390,920	-	390,920
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
<b>Group investments in equity accounted investees (at cost)</b>					-		<b>2,447,233</b>	-	<b>2,447,233</b>

Investor As at 31st March	Investee	Company							
		% Holding		No. of Shares			Value Rs.'000		
		2023	2022	2023	Movement	2022	2023	Movement	2022
<b>Unquoted Investments</b>									
Hayleys PLC	Martin Bauer Hayleys (Pvt) Ltd.	39	39	150,484,550	-	150,484,550	1,504,863	-	1,504,863
<b>Company Investment in equity accounted investees (at cost)</b>					-		<b>1,504,863</b>	-	<b>1,504,863</b>

### 18.2.1 Net Assets of Equity Accounted Investees as follows

As at 31st March	Consolidated							
	Investment at Cost		Profit/(Loss)		Others		Net Assets	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Yusen Logistics & Kusuhara (Pvt) Ltd.	1,950	1,950	25,780	23,596	(5,943)	(3,143)	57,916	38,079
S & T Interiors (Pvt) Ltd.	-	-	-	4,386	-	(19,331)	-	-
Lakdiyatha (Pvt) Ltd.	24,500	24,500	(8,607)	(39,425)	-	-	16,316	24,923
Joule Power (Pvt) Ltd.	262,500	262,500	64,380	87,910	-	(50,000)	610,153	545,773
Beta Power (Pvt) Ltd.	262,500	262,500	78,505	103,353	-	(87,500)	580,617	502,112
Martin Bauer Hayleys (Pvt) Ltd.	1,895,783	1,895,783	380,920	46,974	664,961	(209)	2,099,371	1,053,490
<b>Group Investments in equity accounted investees</b>	<b>2,447,233</b>	<b>2,447,233</b>	<b>540,978</b>	<b>226,794</b>	<b>659,018</b>	<b>(160,183)</b>	<b>3,364,373</b>	<b>2,164,377</b>

## NOTES TO THE FINANCIAL STATEMENTS

**18.2.2** Summarised financial information of equity accounted investees which has not been adjusted for the Group's share.

As at 31st March	Consolidated	
	2023	2022
	Rs.'000	Rs.'000
<b>Assets and Liabilities</b>		
Current Assets	3,804,874	2,234,679
Non-current Assets	6,794,621	5,677,976
Current Liabilities	683,470	654,216
Non-current Liabilities	960,676	1,099,961

For the year ended 31st March	Consolidated	
	2023	2022
	Rs.'000	Rs.'000
<b>Revenue and Profit</b>		
Revenue from contracts with customers	5,842,032	3,912,002
Profit After Tax	1,257,686	887,185
Total Comprehensive Income	1,257,838	886,257

For the year ended 31st March	Consolidated	
	2023	2022
	Rs.'000	Rs.'000
<b>Cash Flows</b>		
Cash flows from operating activities	773,726	929,808
Cash flows from Investing activities	(37,452)	(189,445)
Cash flows from financing activities	(266,054)	(908,789)

**18.2.3** The Company has neither contingent liabilities nor capital commitments in respect of its equity accounted investees.

**18.3** There are no equity accounted investees incorporated outside of Sri Lanka



**18.4 Inter-Company Shareholdings**

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2023	2022	2023	2022
Agro Technica Ltd.	Sunfrost (Pvt) Ltd.	1	1	75,000	75,000
Chas P. Hayley & Co. (Pvt) Ltd.	Toyo Cushion Lanka (Pvt) Ltd.	3	3	169,267	169,267
	Charles Fibre (Pvt) Ltd.	100	50	20,000	10,000
Dean Foster (Pvt) Ltd.	Volanka (Pvt) Ltd.	38	38	3,920	3,920
	Hayleys Advantis Ltd.	1	1	488,369	488,369
	Chas P. Hayley & Company (Pvt) Ltd.	0	0	80	80
	Alumex PLC	5	5	28,427,800	28,427,800
	Hayleys Leisure PLC	21	21	23,049,088	23,049,088
Dipped Products PLC	Venigros (Pvt) Ltd.	100	100	8,000,000	8,000,000
	Feltex (Pvt) Ltd.	100	100	1,500,000	1,500,000
	DPL Plantations (Pvt) Ltd.	100	100	55,000,000	55,000,000
	Dipped Products (Thailand) Ltd.(100 Bhat)	99	99	4,516,250	4,516,250
	ICOGUANTI S.p.A ( Italy) (€1 - each)	100	100	3,150,000	3,150,000
	Hanwella Rubber Products Ltd.	73	73	18,152,000	18,152,000
	D P L Premier Gloves Ltd.	100	100	45,000,000	45,000,000
	D P L Universal Gloves Ltd.	100	100	350,000,000	200,000,000
	D P L International Ltd.	100	100	1	1
ICOGUANTI S.p.A ( Italy)	DPL France SAS	80	-	800,000	-
	ROZENBAL POLSKA Sp. z.o.o.	97	-	1,779	-
DPL Plantations Ltd.	Kelani Valley Plantations PLC	72	72	49,253,800	49,253,800
	Hayleys Plantation Services (Pvt) Ltd.	67	67	13,400,000	13,400,000
Haycarb PLC	Dipped Products PLC	7	7	40,687,460	40,687,460
	Eurocarb Products Ltd.(UK) ( £1 - each)	100	100	100,000	100,000
	Haycarb Holdings Australia (Pty) Ltd. (Aus \$1 - each)	100	100	150,000	150,000
	Carbotels (Pvt) Ltd.	25	25	9,290,341	9,290,341
	Carbokarn Co. Ltd.(100 Bhat, 100% paid-up)	50	50	250,000	250,000
	Puritas (Pvt) Ltd.	100	100	700,000	700,000
	Recogen (Pvt) Ltd.	100	100	37,000,000	37,000,000
	Haycarb USA Inc.	100	100	1,285,000	1,285,000
	Haycarb Holdings Bitung Ltd. (\$1 - each)	100	100	1,400,000	1,400,000
	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	2	2	707	707
	Ultracarb (Pvt) Ltd.	100	100	25,000,000	25,000,000
	Quality Seed Company (Pvt) Ltd.	6	6	147,000	147,000
	PT Haycarb Palu Mitra	60	60	1,290,000	1,290,000
Carbokarn Co. Ltd.	CK Regen Systems Co. Ltd.	100	100	75,000	75,000
	Shizuka Co. Ltd.	100	100	137,500	137,500
Puritas (Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	2,450,000	2,450,000
	Puricarb Pte Ltd.	100	100	50,000	50,000

## NOTES TO THE FINANCIAL STATEMENTS

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2023	2022	2023	2022
Haycarb Holdings Bitung Ltd .	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	98	98	36,935	36,935
Hayleys Agriculture Holdings Ltd.	Agro Technica Ltd.	100	100	2,499,994	2,499,994
	Hayleys Agro Fertilizers (Pvt) Ltd.	100	100	14,999,999	14,999,999
	Hayleys Agro Farms (Pvt) Ltd.	100	100	1,500,000	1,500,000
	Hayleys Agro Bio-Tech (Pvt) Ltd.	100	100	7,499,999	7,499,999
	HJS Condiments Ltd.	59	59	7,399,343	7,399,343
	Sunfrost (Pvt) Ltd.	93	93	7,445,000	7,445,000
	Haychem (Bangladesh) Ltd.	100	100	90,702	90,702
	Hayleys Fabric PLC	2	2	6,944,514	6,944,514
	Aquagri (Pvt) Ltd.	51	51	1,275,000	1,275,000
	Singer ( Sri Lanka) PLC	3	3	28,404,255	28,404,255
	Quality Seed Company (Pvt) Ltd.	94	94	2,378,000	2,378,000
Hayleys Fibre PLC	Toyo Cushion Lanka (Pvt) Ltd.	16	16	1,015,602	1,015,602
	Bonterra Ltd.	50	50	803,394	803,394
	Creative Polymats (Pvt) Ltd.	74	74	22,500,001	22,500,001
	Rileys (Pvt) Ltd.	12	12	15,500,000	15,500,000
Hayleys Aventura (Pvt) Ltd.	Haycolour (Pvt) Ltd.	100	100	60,000	60,000
	Hayleys Lifesciences (Pvt) Ltd.	100	100	3,000,001	3,000,001
	Innovative Solutions Lanka (Pvt) Ltd.	100	100	320,001	320,001
	Nirmalapura Wind Power (Pvt) Ltd.	21	21	21,100,000	21,100,000
	Hayleys Power Ltd.	100	100	46,767,241	46,767,241
	Joule Power (Pvt) Ltd.	25	25	26,250,000	26,250,000
	Beta Power (Pvt) Ltd.	25	25	26,250,000	26,250,000
	Singer ( Sri Lanka) PLC	3	3	31,595,745	31,595,745
Solar One Ceylon (Pvt) Ltd.	50	50	35,085,952	35,085,952	
Hayleys Hydro Energy (Pvt) Ltd.	Neluwa Cascade Hydro Power (Pvt) Ltd.	100	100	11,910,001	11,910,001
Hayleys Plantation Services (Pvt) Ltd.	Talawakelle Tea Estates PLC	75	75	35,500,000	35,500,000
	Horana Plantations PLC	51	-	12,750,000	-
Talawakelle Tea Estates PLC	TTEL Hydro Power Company (Pvt) Ltd.	51	51	3,519,000	3,519,000
	TTEL Somerset Hydro Power (Pvt) Ltd.	51	51	3,060,000	3,060,000
Hayleys Advantis Group	Sunfrost (Pvt) Ltd.	1	1	50,000	50,000
	Singer ( Sri Lanka) PLC	10	10	111,382,980	111,382,980
	Unisyst Engineering PLC	65	63	28,739,393	27,582,356
	Hayleys Fabric PLC	2	2	10,073,700	10,073,700
Ravi Industries Ltd.	Rileys (Pvt) Ltd.	19	19	24,500,000	24,500,000
	Dipped Products PLC	1	1	5,670,000	5,670,000
	Ravi Marketing Services (Pvt) Ltd.	100	100	9,994	9,994
Rileys (Pvt) Ltd.	Haymat (Pvt) Ltd.	54	54	215,998	215,998
	Creative Polymats (Pvt) Ltd.	26	26	8,034,098	8,034,098
Toyo Cushion Lanka (Pvt) Ltd.	Dean Foster (Pvt) Ltd.	2	2	235,294	235,294
	Hayleys Leisure PLC	2	2	1,835,420	1,835,420

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2023	2022	2023	2022
Volanka (Pvt) Ltd.	Dipped Products PLC	8	8	48,736,400	48,736,400
	Toyo Cushion Lanka (Pvt) Ltd.	22	22	1,455,832	1,455,832
	Volanka Exports Ltd.	100	100	2,899,994	2,899,994
	Volanka Insurance Brokers (Pvt) Ltd.	100	100	58,994	58,994
	Singer ( Sri Lanka) PLC	3	3	34,787,235	34,787,235
	Ravi Industries Ltd.	14	14	1,732,720	1,732,720
	Rileys (Pvt) Ltd.	65	65	85,000,000	85,000,000
Carbotels (Pvt) Ltd.	Eastern Hotel (Pvt) Ltd.	96	96	894,304	894,304
	Singer ( Sri Lanka) PLC	3	3	29,042,553	29,042,553
	The Kingsbury PLC	23	23	113,250,000	113,250,000
Volanka Exports Ltd.	O E Techniques Ltd.	100	100	9,993	9,993
	Hayleys Leisure PLC	1	1	1,445,358	1,445,358
Kelani Valley Plantations PLC	Kalupahana Power Company (Pvt) Ltd.	60	60	1,800,000	1,800,000
	Mabroc Teas (Pvt) Ltd.	100	100	9,000,000	9,000,000
	Kelani Valley Resorts (Pvt) Ltd.	100	100	5,000,000	5,000,000
	Martin Bauer Hayleys (Pvt) Ltd.	10	10	39,091,550	39,091,550
Hayleys Aviation and Projects (Pvt) Ltd.	Air Global (Pvt) Ltd.	100	100	999,994	999,994
	Millennium Transportation (Pvt) Ltd.	100	100	99,999	99,999
	North South Lines (Pvt) Ltd.	100	100	134,999	134,999
	Hayleys Travels (Pvt) Ltd.	100	100	1,779,999	1,779,999
	S & T Interiors (Pvt) Ltd.	60	60	1,560,000	1,560,000
Alumex PLC	Alco Industries (Pvt) Ltd.	100	100	3,000,002	3,000,002
Hayleys Electronics Ltd.	Global Consumer Brands (Pvt) Ltd.	100	100	17,599,999	17,599,999
	Hayleys Electronics Manufacturing (Pvt) Ltd.	100	100	499,999	499,999
Hayleys Consumer Products Ltd.	International Consumer Brands (Pvt) Ltd.	100	100	3,000,000	3,000,000
	Hayleys Electronics Lighting (Pvt) Ltd.	100	100	599,999	599,999
Hayleys Leisure PLC	Kandyan Resorts (Pvt) Ltd.	100	100	23,215,547	23,215,547
	Culture Club Resorts (Pvt) Ltd.	100	100	23,822,393	23,822,393
	Connaissance Air Travels Ltd.	100	100	100,003	100,003
	Sun Tan Beach Resorts Ltd.	82	82	366,734,905	366,734,905
	Hayleys Hotel Management Services (Pvt) Ltd.	100	100	1,200,002	1,200,002
	C D C Conversions (Pvt) Ltd.	100	100	1,000,002	1,000,002
Hayleys Power Ltd.	Bhagya Hydro (Pvt) Ltd.	100	100	3,499,999	3,499,999
	Hayleys Hydro Energy (Pvt) Ltd.	51	51	6,120,001	6,120,001
	TTEL Hydro Power (Pvt) Ltd.	49	49	3,366,300	3,366,300
	TTEL Summerset Hydro Power (Pvt) Ltd.	49	49	2,940,000	2,940,000
	Hayleys Neluwa Hydro Power (Pvt) Ltd.	100	100	29,700,000	29,700,000
	Neluwa Upper Hydro Power (Pvt) Ltd.	100	100	100,000	100,000

## NOTES TO THE FINANCIAL STATEMENTS

Investor As at 31st March	Investee	% Holding		No. of Shares	
		2023	2022	2023	2022
Fentons Ltd.	Fentons Smart Facilities (Pvt) Ltd.	100	100	1	1
	Energynet (Pvt) Ltd.	100	100	10,900,344	10,900,344
	Nex-Gen Asia (Pvt) Ltd.	100	100	100	100
	Hayleys Electronics (Pvt) Ltd.	100	100	966,828	966,828
Energynet (Private) Ltd.	Hayleys Electronics (Pvt) Ltd.	-	-	1	1
Singer ( Sri Lanka) PLC	Singer Finance (Lanka) PLC	80	80	161,513,035	161,513,035
	Singer Industries (Ceylon) PLC	88	88	17,544,628	17,544,628
	Regnis (Lanka) PLC	58	58	13,137,154	13,137,154
	Singer Business School (Pvt) Ltd	100	100	1,000,000	1,000,000
	Reality Lanka Ltd.	60	60	11,015,083	11,015,083
Singer Industries (Ceylon) PLC	Reality Lanka Ltd.	30	30	5,400,000	5,400,000
Regnis (Lanka) PLC	Reality Lanka Ltd.	10	10	1,800,000	1,800,000
	Regnis Appliances (Pvt) Ltd	100	100	15,000,000	15,000,000
Hayleys Fabric PLC	South Asia Textiles Ltd.	100	100	357,361,456	357,361,456
Hayleys Group Services (Private) Ltd.	Hayleys Electronics (Pvt) Ltd.	0	0	1	1
	Air Global (Pvt) Ltd.	0	0	1	1
	Connaissance Air Travels Ltd.	0	0	2	2
	Kandyan Resorts (Pvt) Ltd.	0	0	2	2
	C D C Conversions (Pvt) Ltd.	0	0	2	2
	Hayleys Hotel Management Services (Pvt) Ltd.	0	0	2	2

## 19 OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 19.1 Other Non-Current Financial Assets

As at 31st March	Consolidated				Company			
	Fair value through OCI		Amortised cost	Total 2023	Total 2022	Fair value through OCI	Total 2023	Total 2022
	Unquoted equity shares Rs.'000	Quoted equity shares Rs.'000	Treasury Bonds Rs.'000	Rs.'000	Rs.'000	Unquoted shares Rs.'000	Rs.'000	Rs.'000
<b>At the beginning of the year</b>	85,420	5,779	-	91,199	248,805	57,125	57,125	64,687
Additions	-	-	841,495	841,495	1,200	-	-	-
Acquisition through business Combination	-	-	-	-	-	-	-	-
Impairment for the year	(7,562)	-	-	(7,562)	(7,562)	(7,562)	(7,562)	(7,562)
Disposals	-	-	-	-	(245,611)	-	-	-
Effect of movement in exchange rate	58	-	-	58	105	-	-	-
Change in fair value	15,336	766	-	16,102	94,262	-	-	-
<b>At the end of the year</b>	93,252	6,545	841,495	941,292	91,199	49,563	49,563	57,125

#### 19.1.1 Investment details

Investor As at 31st March	Investee	Number of shares		Value	
		2023	2022	2023 Rs.'000	2022 Rs.'000
Hayleys PLC	Sojitz Kelanitissa (Pvt) Ltd.	15,125,103	15,125,103	7,566	15,125
	Sri Lanka Institute of Nanotechnology (Pvt) Ltd.	4,200,000	4,200,000	42,000	42,000
Hayleys Aventura (Pvt) Ltd.	Hydro Trust lanka (Pvt) Ltd.	350,000	350,000	3,500	3,500
Dipped Products PLC	Wellassa Rubber Company Ltd	255,000	255,000	2,550	2,550
	Impairment in Wellassa Rubber Company Ltd.	-	-	(2,550)	(2,550)
Haycarb Group	Barrik Gold Corporation - Aus 27.20 each	3,456	3,456	341	340
Hayleys Advantis Group	SLAFFA Cargo Services Ltd.	120,901	120,901	16,175	1,530
	CMA Ships Lanka (Pvt) Ltd.	2	2	25	25
Singer (Sri Lanka) PLC	Equity Investment Lanka Ltd.	1,665,000	1,665,000	21,525	22,859
	Credit Information Bureau of Sri Lanka	100	100	2,120	41
				93,252	85,420
<b>Quoted equity shares - at fair value through OCI</b>					
Dipped Products PLC	Royal Ceramics Lanka PLC	220	220	63	89
Hayleys Advantis Group	Comtrust Equity Fund	200,000	200,000	5,237	4,564
	Union Bank PLC	100,000	100,000	900	781
Fentons Ltd.	Hotel Sigiriya PLC	5,500	5,500	345	345
				6,545	5,779
<b>Investments at amortised cost</b>					
Hayleys Agro Fertilizers (Pvt) Ltd.	Treasury bonds			841,495	-
				841,495	-

## NOTES TO THE FINANCIAL STATEMENTS

## 19.2 Other Current Financial Assets

As at 31st March	Consolidated					Company			
	Fair value through profit or loss	Amortised cost		Total 2023	Total 2022	Financial instruments at fair value through profit or loss	Amortised cost	Total 2023	Total 2022
		Quoted equity shares	Unit trust						
Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
<b>At the beginning of the year</b>	13,943	1,386,480	-	1,400,423	463,524	7,706	-	7,706	8,002
Additions	204	9,665,547	-	9,665,751	10,594,939	168	1,450,000	1,450,168	7,278,078
Disposals	-	(10,382,342)	-	(10,382,342)	(9,731,452)	-	(1,450,000)	(1,450,000)	(7,308,563)
Change in fair value	(489)	171,896	-	171,407	73,412	(1,233)	8,250	7,017	30,563
<b>At the end of the year</b>	13,658	841,581	-	855,239	1,400,423	6,641	8,250	14,891	7,706

## 19.2.1 Investment details

Investor As at 31st March	Investee	Number of shares		Value	
		2023	2022	2023 Rs.'000	2022 Rs.'000
<b>Quoted equity shares - Fair value through profit or loss</b>					
Hayleys PLC	Central Industries PLC	18,891	17,540	1,479	1,720
	Kelani Tyres PLC	17,200	17,200	1,022	996
	Lanka Orix Leasing Company PLC	1,404	1,404	527	839
	National Development Bank PLC	26,153	24,573	1,412	1,368
	Three Acre Farms PLC	1,840	1,840	241	347
	Hatton National Bank PLC - Non Voting	23,646	23,190	1,961	2,435
Dean Foster (Pvt) Ltd.	ACL Cables PLC	16,480	16,480	1,356	940
	Blue Diamonds Jewellery Worldwide PLC	13	13	-	-
	Lanka Orix Leasing Company PLC	3,280	3,280	1,230	1,960
	Three Acre Farms PLC	2,000	2,000	261	377
Hayleys Advantis Ltd.	DFCC Bank PLC	8,414	8,007	387	405
	Hatton National Bank PLC	8,692	8,692	1,145	949
	National Development Bank PLC	2,900	2,900	162	161
	Beruwala Resort PLC	344,474	344,474	482	310
	Union Bank PLC	400	400	3	3
Amaya Leisure PLC	The Fortress Resorts PLC	90,075	90,075	1,982	1,122
	LB Finance PLC	160	40	9	11
				13,658	13,943
<b>Unit trust - Fair value through profit or loss</b>					
Carbotels (Pvt) Ltd.	NDB Wealth Money Fund	179,678	179,678	4,891	10,643
	NDB Wealth Money plus Fund	4,626,026	5,119,141	138,536	122,288
Hayleys PLC	NDB Wealth Money Fund	303,116	-	8,250	-
Hayleys Advantis Ltd.	NDB Wealth Money Fund	25,439,000	56,594,000	689,904	1,253,549
				841,581	1,386,480

### 19.3 Other Financial Liabilities

As at 31st March	Financial Liabilities at amortised cost - deposits Rs.'000	Consolidated	
		Total 2023 Rs.'000	Total 2022 Rs.'000
At the beginning of the year	12,146,514	12,146,514	10,465,198
Incurred	20,457,691	20,457,691	7,784,415
Settlements	(14,311,442)	(14,311,442)	(6,491,470)
Derecognition on acquisition of NCI	-	-	-
Charge/capitalisation of interest	907,147	907,147	388,371
<b>At the end of the year</b>	<b>19,199,910</b>	<b>19,199,910</b>	<b>12,146,514</b>
<b>Other Current Financial Liabilities</b>		<b>13,355,662</b>	<b>9,828,666</b>
<b>Other Non Current Financial Liabilities</b>		<b>5,844,248</b>	<b>2,317,848</b>

#### 19.3.1 Deposit Classification

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
Fixed deposits	18,824,612	11,999,219
Savings	375,298	147,261
	<b>19,199,910</b>	<b>12,146,480</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 19.4 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 March 2023, the Group held the following financial instruments carried at fair value in the Statement of Financial Position:

#### Assets measured at fair value

As at 31st March	Notes	2023 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
<b>Fair value through OCI</b>					
Quoted equity shares	19.1	6,544	6,544	-	-
<b>Financial assets at fair value through profit or loss:</b>					
Quoted equity shares	19.2	13,658	13,658	-	-
Unit trust	19.2	841,581	841,581	-	-
<b>Property, plant &amp; equipment</b>					
Freehold land	13	36,257,132	-	-	36,257,132
<b>Investment Properties</b>					
Land and buildings	15	1,948,326	-	-	1,948,326
<b>Financial liabilities at amortised cost</b>					
Deposit	19.3	19,199,910	-	19,199,910	-

As at 31st March	Notes	2022 Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
<b>Fair value through OCI</b>					
Quoted equity shares	19.1	5,779	5,779	-	-
<b>Financial assets at fair value through profit or loss:</b>					
Quoted equity shares	19.2	13,943	13,943	-	-
Unit trust	19.2	1,386,480	1,386,480	-	-
<b>Property, plant &amp; equipment</b>					
Freehold land	13	35,034,989	-	-	35,034,989
<b>Investment Properties</b>					
Land and buildings	15	2,601,101	-	-	2,601,101
<b>Financial liabilities at amortised cost</b>					
Deposit	19.3	12,146,514	-	12,146,514	-

During the reporting period ended 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements.



## Fair Values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

As at 31st March	Notes	Consolidated		Company	
		Carrying value	Fair value	Carrying value	Fair value
		2023		2023	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Assets</b>					
Other non- current financial assets					
Fair value through OCI	19.1	99,797	99,797	49,563	49,563
Amortised cost	19.1	841,495	841,495	-	-
Non- current trade and other receivables	22	8,359,072	8,359,072	-	-
Other current financial assets					
Financial instruments at fair value through profit or loss	19.2	13,658	13,658	6,640	6,640
Amortised cost	19.2	841,581	841,581	8,251	8,251
Trade and other receivables	22	98,651,672	98,651,672	36,558	36,558
Amounts due from subsidiaries	38.4	-	-	4,264,131	4,264,131
Amounts due from equity accounted investees	38.5	159,463	159,463	986	986
Short term deposits		19,780,454	19,780,454	1,489,160	1,489,160
Cash and cash equivalents		24,177,336	24,177,336	1,144,208	1,144,208
		152,924,528	152,924,528	6,999,497	6,999,497
<b>Financial Liabilities</b>					
Interest-bearing borrowings*	25	90,731,596	92,660,179	22,265,855	23,091,672
Other financial liabilities					
Financial liabilities at amortised cost	19.3	19,199,910	19,199,910	-	-
Trade and other payables	29	66,405,057	66,405,057	4,843,225	4,843,225
Amounts due to subsidiaries	38.4	-	-	305,479	305,479
Amounts due to equity accounted investees	38.5	456	456	385	385
Short-term interest-bearing borrowings	31	68,964,025	68,964,025	5,166,716	5,166,716
		245,301,044	247,229,627	32,581,660	33,407,477

\* Include fixed interest loans carried at amortised cost.

The fair value of the financial assets and liabilities is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. The following methods and assumptions were used to estimate the fair values:

- The carrying value of available for sale financial instruments at fair value through OCI and financial instruments at fair value through profit or loss at fair value.
- Cash and cash equivalents, short term deposits, trade and other , amounts due to/from subsidiaries, amounts due from equity accounted investees and trade and other payables approximate their carrying values largely due to the short term maturities of these instruments.
- The Fair value of financial assets at amortised cost and financial liabilities at amortised cost is not significantly different from the value based on amortised cost methodology.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. OTHER NON CURRENT ASSETS

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Prepayments	4,252,176	3,277,905	56,203	31,555
Lease rental paid in advance			-	-
Formers	1,297,215	962,827	-	-
Pre paid staff benefit	216,340	190,139	-	-
VAT receivable	1,131,371	816,050	-	-
Other tax receivables	219,492	471,962	-	-
Provision for amortisation/impairment	(656,763)	(556,377)	-	-
	6,459,831	5,162,506	56,203	31,555
<b>Other Current Assets</b>	5,508,223	4,179,463	56,203	31,555
<b>Other Non Current Assets</b>	951,608	983,043	-	-

## 21. INVENTORIES

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Raw materials & consumables	37,219,573	30,779,078	36,535	7,493
Produce stocks	1,572,665	784,986	-	-
Produce on bearer biological assets	61,438	34,417	-	-
Nurseries	76,313	31,928	-	-
Work-in-progress	13,434,124	10,000,004	-	-
Finished goods	41,645,384	44,142,787	-	-
Goods-in-transit	528,645	1,737,111	-	-
	94,538,142	87,510,311	36,535	7,493
Provision for slow moving and obsolete of inventories	(5,519,094)	(4,288,354)	-	-
Provision for unrealised profit and write- down of inventories	(1,516,725)	(824,010)	-	-
	87,502,323	82,397,947	36,535	7,493

**21.1** Carrying amount of inventories pledged as security for bank facilities obtained amounted to Rs. 13,753 mn (2022 - Rs. 9,918 mn).

**21.2** Inventory carried at net realisable value as at 31st March 2023 Rs. 5,290 mn (2022 - Rs. 3,299 mn).

## 22. TRADE AND OTHER RECEIVABLES

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Trade receivables	53,013,085	63,783,222	-	-
Bills receivables	8,715,006	11,679,613	-	-
Hire debtors	6,003,396	6,751,382	-	-
Lease rental receivable	9,594,904	5,228,685	-	-
Loan debtors	16,020,142	11,393,521	-	-
	93,346,533	98,836,423	-	-
Payment in advance, deposits and other receivables	16,975,643	26,490,942	67,938	64,115
Duty rebate receivable	3,021,262	525,165	-	-
Employee loans	435,105	175,004	802	974
Provision for impairment	(6,767,799)	(6,613,296)	(32,182)	(32,182)
	107,010,744	119,414,238	36,558	32,907
<b>Current Trade and Other Receivables</b>	98,651,672	107,082,528	36,558	32,907
<b>Non- Current Trade and Other Receivables</b>	8,359,072	12,331,710	-	-

### 22.1. Movement in the Provision for Impairment

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	6,613,296	5,688,269	32,182	32,182
Charge for the year	154,503	925,027	-	-
<b>At the end of the year</b>	6,767,799	6,613,296	32,182	32,182

#### 22.1.1 The Aging Analysis of Trade and Bills Receivable is as follows,

As at 31st March	Total	Neither past due nor impaired	0-60 days	61-120 days	121-180 days	181-365 days	1-2 years	2-5 years
Consolidated	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 31st March 2023</b>	93,346,533	36,655,675	31,111,380	5,794,348	3,651,470	8,879,290	3,929,978	3,324,392
Balance as at 31st March 2022	98,836,423	36,816,221	23,455,827	5,702,332	5,228,051	13,946,103	6,842,690	6,845,199

## NOTES TO THE FINANCIAL STATEMENTS

### 22.1.2 Currency-wise Analysis of Trade and Other Receivables

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lankan Rupees	68,040,619	86,758,522	36,558	32,907
Australian Dollars	380,058	507,937	-	-
Pounds Sterling	175,570	625,119	-	-
United States Dollars	25,802,205	20,665,323	-	-
Euro	6,564,913	6,196,440	-	-
Thai Baht	1,088,380	907,815	-	-
Indian Rupees	292,696	133,080	-	-
Maldivian Rufiyaa	968,333	332,826	-	-
Bangladesh Taka	2,522,820	2,206,329	-	-
Others	1,175,150	1,080,847	-	-
	107,010,744	119,414,238	36,558	32,907

### 23. STATED CAPITAL

As at 31st March	Company	
	2023 Rs.'000	2022 Rs.'000
<b>Issued &amp; fully paid - ordinary shares</b>		
At the beginning of the year	(1st April 2022 - 750,000,000)	1,575,000
<b>At the end of the year</b>	(31st March 2023 - 750,000,000)	1,575,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 23.1 Other Capital Reserves & Retained Earnings

#### 23.1.1 Other Capital Reserves

As at 31st March	Capital profit on redemption of debentures	Fixed asset replacement reserve	Capital reserve on sale of property, plant & equipment	Capital redemption reserve fund	Statutory reserve fund	Debenture redemption reserve fund	Reserve on amalgamation	Total
Consolidated	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1st April 2021</b>	109	11,750	37,038	69,043	76,000	1,047	317,992	512,979
Acquisition of non-controlling interest in subsidiaries	-	-	598	-	9	-	-	607
Transfers	-	-	-	-	22,174	-	-	22,174
<b>Balance as at 31st March 2022</b>	109	11,750	37,636	69,043	98,183	1,047	317,992	535,760
Acquisition of non-controlling interest in subsidiaries	-	-	197	-	108	-	-	305
Transfers	-	-	-	-	48,591	-	-	48,591
<b>Balance as at 31st March 2023</b>	109	11,750	37,833	69,043	146,882	1,047	317,992	584,656

As at 31st March	Capital profit on redemption of debentures	Fixed asset replacement reserve	Capital reserve on sale of property, plant & equipment	Debenture redemption reserve fund	Total
Company	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2022	109	11,750	320	1,047	13,226
<b>Balance as at 31st March 2023</b>	<b>109</b>	<b>11,750</b>	<b>320</b>	<b>1,047</b>	<b>13,226</b>

### 23.1.2 Statutory Reserves

As at 31st March	Notes	Consolidated	
		2023 Rs.'000	2022 Rs.'000
Reserve Fund	23.1.2.1.	146,882	98,183

#### 23.1.2.1 Reserve Fund

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>Balance as at the beginning of the year</b>	98,183	76,000
Transfers made during the year	48,591	22,174
Statutory reserve attributable to non-controlling interest	108	9
<b>Balance as at the end of the year</b>	<b>146,882</b>	<b>98,183</b>

The balance in the reserve fund will be used only for the purposes specified in the Central Bank Direction No.1 of 2003.

The Reserve Fund is maintained in compliance with direction No 1 of 2003 Central Bank of Sri Lanka (Capital Funds) issued to Finance Companies.

As per the said Direction , every Licensed Finance Company shall maintain a Reserve Fund and transfer to such reserve fund out of the net profits of the each year after due provisions has been made for taxation and bad and doubtful debts on following basis.

Capital Funds to Deposit Liabilities	Transfer to Reserve Fund
Not less than 25%	5%
Less than 25% and not less than 10%	20%
Less than 10%	50%

Accordingly, Singer Finance (Lanka) PLC has transferred 5% of its net profit after taxation to the Reserve Fund as Company's Capital Funds to Deposit Liabilities, belongs to not less than 25% .

## NOTES TO THE FINANCIAL STATEMENTS

## 23.1.3 Retained Earnings

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Balance as at the beginning of the year- As previously stated</b>	32,604,745	18,216,129	14,645,696	14,136,884
Impact on surcharge tax	(1,915,963)	-	-	-
<b>Balance as at the beginning of the year</b>	30,688,782	18,216,129	14,645,696	14,136,884
Profit for the year	16,303,934	18,257,029	1,901,020	3,646,735
Total other comprehensive income	(166,518)	(385,013)	(45,102)	(137,923)
Dividends to equity holders	(4,012,500)	(3,000,000)	(4,012,500)	(3,000,000)
Transfers	(43,306)	214,873	-	-
Acquisition of non-controlling interest in subsidiaries	(111,707)	(698,273)	-	-
<b>Balance as at the end of the year</b>	42,658,685	32,604,745	12,489,114	14,645,696

## 23.1.4 Cash Flow Hedge Reserve

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>Balance as at the beginning of the year</b>	(2,439,613)	(849,098)
Loss on cash flow hedge	(969,558)	(1,963,084)
Adjustment on changes to non-controlling interest in subsidiaries	(25,369)	(2,339)
Transfer of cash flow hedge reserve to revenue	1,087,393	374,908
<b>Balance as at the end of the year</b>	(2,347,147)	(2,439,613)

Several entities within the Group have borrowings in foreign currencies, the settlements of which are naturally hedged against foreign currency remittances through sales generated by the respective entities.

Subsidiaries in the sectors detail below elected to use their USD remittances to mitigate the exchange risk and have treated the said transaction as a 'Cash flow Hedge' in the Financial Statements of the Group.

Sector	Borrowings hedged USD'000	Year of final repayment	Amount deferred as at 31 March 2023 Rs. mn
Transportation and Logistics	12,147	2031	2,425,469
Eco Solutions	1,352	2027	419,851

## 24. SECURITY DEPOSITS

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	1,462,347	1,366,565
Contribution during the year	153,710	187,737
Interest charges	134,854	132,330
Shortages recovered	(213,871)	(127,660)
ESD releases	(68,648)	(96,625)
<b>At the end of the year</b>	1,468,392	1,462,347

## 25. INTEREST BEARING BORROWINGS

### 25.1 Total Non-Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Lease obligations	25.3	8,531,008	7,894,135	96,277	151,787
Debentures	25.5	5,000,668	9,523,518	2,995,670	6,515,519
Long-term borrowings	25.8	45,626,531	46,122,540	10,093,571	11,597,972
<b>Total non- current interest-bearing borrowings</b>		59,158,207	63,540,193	13,185,518	18,265,278

### 25.2 Current Portion of Interest Bearing Borrowings

As at 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Lease obligations	25.3	1,569,175	1,318,527	55,506	62,856
Debentures	25.5	4,974,664	263,854	3,525,837	-
Long-term borrowings	25.8	25,029,550	25,986,206	5,498,994	5,298,997
<b>Total current interest-bearing borrowings</b>		31,573,389	27,568,587	9,080,337	5,361,853

### 25.3 Lease Obligations

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	9,212,662	8,102,306	214,643	270,145
New leases obtained	2,070,029	2,137,356	-	-
Acquisition of subsidiaries	187,088	62,500	-	-
Interest charged	1,084,116	1,047,076	23,310	30,664
Increase to recognised assets	(19,466)	20,089	-	-
Exchange difference	80,428	289,753	-	-
Repayments	(2,514,676)	(2,446,418)	(86,170)	(86,166)
<b>At end of the year</b>	10,100,183	9,212,662	151,783	214,643
Repayable within one year	1,569,175	1,318,527	55,506	62,856
Repayable after one year	8,531,008	7,894,135	96,277	151,787

## NOTES TO THE FINANCIAL STATEMENTS

## 25.4 Currency wise Analysis of Lease Obligations

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lankan Rupees	8,472,983	8,133,698	151,783	214,643
United States Dollars	1,444,736	955,239	-	-
Maldivian Rufiyaa	78,688	7,239	-	-
Bangladesh Taka	103,776	116,486	-	-
	10,100,183	9,212,662	151,783	214,643

## 25.5 Debentures

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	9,787,372	8,273,106	6,515,519	6,509,531
Issued during the year	-	2,000,000	-	-
Accrued interest	485,123	152,369	-	-
Repayments during the year	(307,326)	(656,800)	-	-
<b>At the end of the year</b>	9,965,169	9,768,675	6,515,519	6,509,531
Amortisation of debenture issue expense	10,163	18,697	5,988	5,988
<b>Net Debenture</b>	9,975,332	9,787,372	6,521,507	6,515,519
Repayable within one year	4,974,664	263,854	3,525,837	-
Repayable after one year	5,000,668	9,523,518	2,995,670	6,515,519

## 25.5.1 Details of the debentures

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Listed, rated, senior, unsecured, redeemable, debentures, Type A- Fixed rate at 12.50% p.a. payable semi annually redeemable on 31st July 2023 Type B- Floating rate AWPLR+1% p.a. payable semi annually redeemable on 31st July 2023	3,525,838	3,522,895	3,525,838	3,522,895
Listed, rated, senior, unsecured, redeemable, debentures, Type A- Fixed rate at 13.00% p.a. payable semi annually redeemable on 26th August 2024 Type B- Floating rate AWPLR+2% p.a. payable semi-annually redeemable on 26th August 2024	2,995,669	2,992,624	2,995,669	2,992,624
Listed, Rated, Unsecured, Fixed rate 9.25% p.a., Subordinated Debenture Redeemable on 25th June, 2026	621,482	620,838	-	-
Listed, Rated, Unsecured, 1 Year T-Bill Rate + 3.75%, Subordinated Debenture Redeemable on 25th June, 2026	1,689,752	1,538,225	-	-
Listed, rated, senior, unsecured, redeemable, debentures at 13.25% p.a. redeemable on 19th May, 2025	5,553	5,548	-	-
Listed, rated, senior, unsecured, redeemable, debentures at Fixed rate 13.00% p.a. redeemable on 9th April, 2023	846,507	844,882	-	-
Listed, rated, senior, unsecured, redeemable, debentures at 6 Months T-Bill+3.75% redeemable on 19th May, 2023	290,531	262,360	-	-
	9,975,332	9,787,372	6,521,507	6,515,519

\* Details regarding the listed debentures are given in page 441 to the Financial Statements.



## 25.6 Currency wise Analysis of Debentures

As at 31st March	Consolidated		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lankan Rupees	9,975,332	9,787,372	6,521,507	6,515,519
	9,975,332	9,787,372	6,521,507	6,515,519

## 25.7 Analysis of Debentures by Year of Repayment

As at 31st March	Consolidated		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long term loans repayable between 1 and 2 years from year-end	3,000,668	7,523,518	2,995,670	6,515,519
Long term loans repayable between 2 and 5 years from year-end	2,000,000	2,000,000	-	-
	5,000,668	9,523,518	2,995,670	6,515,519

## 25.8 Long term Borrowings

As at 31st March	Consolidated		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>At the beginning of the year</b>	72,108,746	59,806,198	16,896,969	17,370,966
Acquisition through business combinations	1,196,982	261,054	-	-
Effect of movements in exchange rates	3,502,481	3,848,947	-	-
Adjustment for loan facility fee	(4,408)	1,097	(4,404)	1,003
New loans obtained*	21,159,381	35,806,769	4,000,000	5,800,000
	97,963,182	99,724,065	20,892,565	23,171,969
Repayments	(27,307,101)	(27,615,319)	(5,300,000)	(6,275,000)
<b>At the end of the year</b>	70,656,081	72,108,746	15,592,565	16,896,969
Repayable within one year	25,029,550	25,986,206	5,498,994	5,298,997
Repayable after one year	45,626,531	46,122,540	10,093,571	11,597,972

\*Consist of loan obtained for Consumer & Retails sector (Rs. 8.2 bn), Textiles sector (Rs. 1.6 bn), Others sector (Rs. 4.3 bn), Transportation & Logistics sector (Rs. 2.5 bn) and Hand Protection sector (Rs. 3.5 bn) during the year.

## 25.9 Currency wise Analysis of Long Term Borrowings

As at 31st March	Consolidated		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lankan Rupees	49,859,990	52,964,323	15,592,565	16,896,969
United States Dollars	17,203,248	16,987,536	-	-
Euro	3,579,690	2,141,380	-	-
Bangladesh Taka	6,965	7,840	-	-
Australian Dollar	6,188	7,667	-	-
	70,656,081	72,108,746	15,592,565	16,896,969

## NOTES TO THE FINANCIAL STATEMENTS

## 25.10 Analysis of Long Term Borrowings by Year of Repayment

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Long term loans repayable between 1 and 2 years from year-end	21,454,534	19,527,984	5,198,982	4,898,992
Long term loans repayable between 2 and 5 years from year-end	19,503,101	24,638,170	4,894,589	6,698,980
Long term loans repayable later than 5 years from year-end	4,668,896	1,956,386	-	-
	45,626,531	46,122,540	10,093,571	11,597,972

## 25.11 Long Term Borrowings Repayable After One Year

As at 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Long term loans	25.11.1	45,064,531	44,642,940	10,093,571	11,597,972
Syndication loans	25.11.2	400,000	800,000	-	-
Securitisation loans	25.11.3	162,000	679,600	-	-
		45,626,531	46,122,540	10,093,571	11,597,972

## 25.11.1 Long term loans

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
Hayleys PLC.	Bank of Ceylon	-	400,000	Bi annually in equal installments of Rs. 200 mn	None
	Sampath Bank PLC	-	99,528	Bi annually in equal installments of Rs. 200 mn	None
	Commercial Bank of Ceylon PLC	900,000	600,000	Bi annually in equal installments of Rs. 200 mn	None
	Bank of Ceylon	400,000	800,000	Bi annually in equal installments of Rs. 200 mn	None
	Commercial Bank of Ceylon PLC	200,000	1,500,000	Bi annually in equal installments of Rs. 300 mn	None
	Hatton National Bank PLC (AWPLR)	1,500,000	2,500,000	Bi annually in equal installments of Rs. 500 mn	None
	Sampath Bank PLC - (AWPLR)	1,198,981	1,798,447	Bi annually in equal installments of Rs. 300 mn	None
	Bank of Ceylon - (AWPLR)	1,200,000	1,800,000	To be paid bi annually in equal Installments of Rs.300 mn	None
	Commercial Bank of Ceylon -	1,500,000	2,100,000	To be paid bi annually in equal Installments of Rs.300 mn	None
	Hatton National Bank PLC	3,194,589	-	To be paid bi annually in equal Installments of Rs.400 mn	None

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
ICOGUANTI S.p.A	Alessandria Financing (Euro 1 mn)	36,174	55,741	Repayment over 2 years	None
	INTESA SAN PAOLO (Euro 1 mn)	130,723	328,185	Repayment over 2 years	None
	BNL - BNP PARIBAS (Euro 3 mn)	-	591,724	Repayment over 2 years	None
	BANCO BPM (Euro 3 mn)	723,821	-	Repayment over 2 years	None
	BNL - BNP PARIBAS (EURO 3 mn)	89,644	-	Repayment over 2 years	None
	INTESA (Euro 1 mn)	100,477	-	Repayment over 1 year and 3 months	None
	CREDEM (Euro 1.2 mn)	387,264	-	Repayment over 3 years	None
Hanwella Rubber Products Ltd.	Standard Chartered Bank (USD 2 mn)	-	199,335	27 monthly installments	None
DPL Premier Gloves Ltd.	Standard Chartered Bank (USD 1.6 mn)	-	95,681	30 monthly installments	None
Mabroc Teas (Pvt) Ltd.	Sampath Bank PLC	-	75,000	48 monthly installments	None
	Hatton National Bank	1,644	11,652	36 monthly installments	None
	Hatton National Bank	12,438	29,021	36 monthly installments	None
Kelani Valley Resorts (Pvt) Ltd	Pan Asia Banking Corporation PLC	-	1,234	24 monthly installments	None
Kelani Valley Plantations PLC	Amana Bank PLC	-	789	60 monthly installments	None
	National Development Bank PLC	2,730	6,366	72 monthly installments	Fixed deposit for a value of Rs. 16 mn
	National Development Bank PLC	645	1,509	72 monthly installments	
Haycarb PLC	Standard Chartered Bank	49,350	102,858	60 monthly installments	None
	Hatton National Bank PLC	-	210,000	60 monthly installments	None
	Hatton National Bank PLC	-	358,050	60 monthly installments	None
	The Hongkong & Shanghai Banking Corporation Ltd	77,777	-	36 monthly installments	Primary mortgage over land and building for Rs. 140 mn at Epaladeniya, Kuliypitiya.
	The Hongkong & Shanghai Banking Corporation Ltd	8,333	-	16 monthly installments	None
Haycarb Holding Australia Pte Ltd.	Power Torque Finance	4,733	6,244	48 monthly installments	None
Hayleys Agriculture Holdings Ltd.	Sampath Bank PLC	-	181,000	48 monthly installments	None
	Hatton National Bank PLC	449,989	649,993	9 monthly installments	None
Hayleys Advantis Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	-	200,000	20 quarterly installments	None
	Commercial Bank of Ceylon PLC	100,000	300,000	10 bi annual Installments	None
	Commercial Bank of Ceylon PLC	400,000	800,000	10 bi annual Installments	None

## NOTES TO THE FINANCIAL STATEMENTS

## 25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
Expelogix (Pvt) Ltd	National Development Bank PLC	-	8,667	18 monthly installments	None
Logiwiz (Pvt) Ltd.	People's Bank	1,029,822	1,194,340	72 monthly installments	Mortgage over project assets including Land and Building.
	People's Bank	-	6,762	72 monthly installments	
	Commercial Bank of Ceylon PLC	445,879	484,379	72 monthly installments	None
	DFCC Bank PLC	104,545	129,545	66 monthly installments	None
	Hatton National Bank PLC	1,506,626	171,590	59 installments	Mortgage over project assets including Building
	DFCC Bank PLC USD Loan	1,635,102	1,623,290	120 monthly installments	None
Advantis Kusuhara Sadate Myanmar (Private) Limited	UAB Bank	104,750	-	36 Monthly installments	SBSL LC Facility
Hayleylines Limited	Commercial Bank of Ceylon PLC	1,270,598	-	60 Monthly installments	Vessel
Maritime Agencies (Private) Limited	National Development Bank PLC	-	6,507	18 monthly installments	None
Clarion Shipping (Private) Limited	National Development Bank PLC	-	8,215	18 monthly installments	None
Sri Lanka Shipping Company Limited	DFCC Bank PLC	638,340	859,754	96 monthly installments	Vessel
	Bank of Ceylon	609,323	833,700	96 monthly installments	Vessel
	Commercial Bank of Ceylon PLC	112,388	224,250	60 monthly installments	Vessel
Total transport Solutions Maldives (Pvt) Ltd.	Sampath Bank PLC	-	20,972	60 monthly installments	Two landing crafts
Advantis Intasal Bangladesh Pvt Ltd	Commercial Bank of Ceylon PLC	3,491	7,840	48 monthly installments	None
Advantis Projects & Engineering (Pvt) Ltd	The Hongkong & Shanghai Banking Corporation Ltd	-	80,128	36 monthly installments	Corporate guarantee from Hayleys Advantis Ltd.
Colombo Cargo Express (Private) Limited	Seylan Bank Term Loan	1,342	-	48 Monthly installments	Fixed Deposits
	Mercantile Investment and Finance PLC	168	-	48 Monthly installments	Motor Vehicle
Hayleys Aventura (Pvt) Ltd.	Bank of Ceylon	12,500	62,500	20 Quarterly installments	Negative pledge over Stocks and book debts and Letter of Comfort from Hayleys PLC
	Commercial Bank of Ceylon PLC	159,700	209,500	60 monthly installments	None
	Bank of Ceylon	52,771	168,880	36 monthly installments	Negative pledge over Stocks and book debts
Haycolour (Pvt) Ltd.	Hatton National Bank PLC	-	3,819	18 monthly installments	None
Hayleys Lifesciences (Pvt) Ltd	Hatton National Bank PLC	55,540	138,880	36 monthly installments	Negative pledge over Stocks

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
Hayleys Fabric PLC	Sampath Bank PLC	173,344	346,449	60 monthly installments	Mortgage over machinery
	Sampath Bank PLC - 3 M	493,500	617,138	48 monthly installments	Mortgage over machinery and building
	Standard Chartered Bank	344,657	559,153	48 monthly installments	Mortgage over machinery
	Bank of Ceylon	66,755	181,556	36 monthly installments	None
	DFCC Bank PLC	1,213,759	1,549,485	72 monthly installments	Negative pledge over all immovable asset of Hayleys Fabric PLC & over the shares of South Asia Textiles Ltd
South Asia Textiles Ltd	Sampath Bank PLC	1,101,048	1,328,531	84 monthly installments	Negative pledge over Shares of South Asia Textiles Ltd owned by Hayleys Fabric
	Nations trust Bank PLC	-	53,776	Bi-annually in equal installments	None
	Seylan Bank PLC	1,731,746	435,224	60 monthly installments	None
	People's Bank	43,378	-	24 monthly in equal installments of USD 26,800	None
Talawakelle Tea Estates PLC	National Development Bank PLC	2,619	6,112	72 monthly installments	Fixed deposits of Rs. 24 mn.
Horana Plantations PLC	Hatton National Bank PLC	409,684	-	72 /48 monthly installments	Primary Floating Mortgage for Rs.550 mn, over leasehold rights of Frocester Estate. Primary Floating Mortgage for Rs.400 mn, over leasehold rights of Bambrakelly Estate.
	Commercial Bank of Ceylon PLC	31,890	-	72 monthly installments, after a grace period twenty four (24) months	Primary Floating Mortgage for Rs.120 mn, over the leasehold rights land and buildings of Stockholm Estate.
	Sampath Bank PLC	65,600	-	72 monthly installments, after a grace period twenty four (24) months	Primary Mortgage for Rs.200 mn, over the leasehold rights land and buildings of Gouravilla Estate. Primary Mortgage for Rs.150 mn, over the leasehold rights land and buildings of Alton Estate.
	Commercial Bank of Ceylon PLC	139,976	-	60 monthly installments	Primary Mortgage Bond over receivables of Tea sales routed through Forbes and Workers Tea Brokers (Pvt) Ltd and John Keels PLC.
	Hatton National Bank PLC	48,550	-	36 monthly installments	Primary mortgage over leasehold rights of Bambrakelly, Eildon Hall and Frocester Estates.

## NOTES TO THE FINANCIAL STATEMENTS

## 25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
	Commercial Bank of Ceylon PLC	50,239	-	60 monthly installments, after a grace period of six (06) months	Primary mortgage bond over Solar Panels and related equipment of Alton, Fairlawn, Stockholm, Gouravilla & Mahanilu Estates.
Hayleys Fibre PLC	Hatton National Bank PLC	-	166,664	41 monthly installments	None
Bonterra Limited	The Hongkong & Shanghai Banking Corporation Ltd	-	27,258	24 monthly installments	Primary mortgage over machinery
Ravi Industries (Pvt) Ltd.	Standard Chartered Bank	3,247	37,898	60 monthly installments	Primary Mortgage of USD 585,000 over an allotment of land and building
	Standard Chartered Bank	1,667	21,667	60 monthly installments	Primary Mortgage of LKR 100,000,000 over an allotment of land and building
	Hatton National Bank PLC-	90,000	130,000	9 monthly instalments	None
Chas P. Hayley & Co. (Pvt) Ltd.	Hatton National Bank PLC-	10,000	40,000	60 monthly installments	Corporate guarantee for Rs.150 mn from Volanka Ltd.
	Commercial Bank of Ceylon PLC	23,575	-	18 monthly installments	None
Toyo Cushion Lanka Pvt Ltd.	The Hongkong & Shanghai Banking Corporation Ltd	76,630	88,393	48 monthly installments	Primary mortgage over Land and building at Thimbirigaskatuwa and machinery
	Hatton National Bank PLC	-	6,890	17 monthly installments	None
	Commercial Bank of Ceylon PLC	20,923	-	48 monthly installments	Generator Imported
Rileys (Pvt) Ltd.	Hatton National Bank PLC	100,000	170,000	60 monthly installments	Corporate guarantee from Volanka Ltd.
	The Hongkong & Shanghai Banking Corporation Ltd	38,981	95,306	48 monthly installments	Corporate guarantee from Hayleys Fibre PLC
	Hatton National Bank PLC	129,600	-	48 monthly installments	Corporate guarantee from Volanka Ltd.
Creative Polymats (Pvt) Ltd.	Seylan Bank PLC	-	3,393	18 monthly installments	None
Alumex PLC	Standard Chartered Bank	-	66,667	48 monthly installments	None
	Commercial Bank of Ceylon PLC	281,900	351,794	60 monthly installments	None
	Sampath Bank PLC	-	5,750	18 monthly installments	None
	Hatton National Bank	19,000	118,000	36 monthly installments	None
	Hatton National Bank	313,000	439,000	60 monthly installments	Plant and fixed assets at factory premises in Ekala and Makola
	Bank of Ceylon	42,222	147,778	36 monthly installments	None

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
The Kingsbury PLC	Bank of Ceylon	-	113,021	36 monthly installments	
	Bank of Ceylon	295,455	406,250	Monthly installments over 7 years including 18 months grace period.	
	Bank of Ceylon	-	5,208	Monthly installments over 2 years including 6 months grace period	
	Bank of Ceylon	-	8,929	Monthly installments over 2 years including 9 months grace period	
	Bank of Ceylon	109,375	185,547	Monthly installments over 2 years including 12 months grace period	Existing Concurrent mortgage bond no 364 over lease holdright of the hotel property and existing mortgage bond of 1416 dated 27th July 2001 for Rs. 100 mn and 166 dated 09th May 2013 for Rs. 1,335mn over lease hold rights of the property.
	Bank of Ceylon	-	1,560	Monthly installments over 2 years including 3 months grace period	
	Bank of Ceylon	-	363	Monthly installments over 2 years including 3 months grace period	
	Bank of Ceylon	-	1,036	Monthly installments over 2 years including 3 months grace period	
	Bank of Ceylon	-	100,497	30 monthly installments including 6 months moratorium period	
	Bank of Ceylon	-	97,260	30 monthly installments including 6 months moratorium period	
	Bank of Ceylon	19,561	-	32 monthly installments including 8 months moratorium period	
	Bank of Ceylon	57,364	-	44 monthly installments including 8 months moratorium period	
	Bank of Ceylon	230,575	-	36 monthly installments	
	Bank of Ceylon	206,250	117,188	60 monthly installments including 12 months grace period	
Sun Tan Beach Resorts Ltd.	DFCC Bank PLC	-	49,330	60 monthly installments	Leasehold Right of the land and Hotel building.
	DFCC Bank PLC	1,476	-	24 monthly installments	
	DFCC Bank PLC	81,544	-	24 monthly installments	
	DFCC Bank PLC	6,284	-	24 monthly installments	
	Hatton National Bank PLC	-	658,617	60 monthly installments	Leasehold Right of the land and Hotel building and Corporate Guarantee from Amaya Leisure PLC
	Hatton National Bank PLC	1,017	8,656	24 monthly installments including 6 months grace period	
	Hatton National Bank PLC	195,676	-	24 monthly installments	
	Hatton National Bank PLC	705,865	-	84 monthly installments	Leasehold Right of the land and Hotel building.
	Hatton National Bank PLC	616,116	-	54 monthly installments	

## NOTES TO THE FINANCIAL STATEMENTS

## 25.11.1 Long term loans (Contd.)

Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
Amaya Leisure PLC	Pan Asia Banking Corporation PLC	-	8,440	24 monthly installments including 6 months grace period	None
Kandyan Resorts (Pvt) Ltd	Pan Asia Banking Corporation PLC	-	10,500	24 monthly installments including 6 months grace period	None
	Bank of Ceylon	-	10,938	24 monthly installments including 6 months grace period	Corporate Guarantee of Amaya Leisure PLC
	Sampath Bank PLC	193,000	229,000	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC
Culture Club Resorts (Pvt) Ltd	Pan Asia Banking Corporation PLC	-	13,850	24 monthly installments including 6 months grace period	None
	Bank of Ceylon	-	14,063	24 monthly installments including 6 months grace period	Corporate Guarantee of Hayleys Leisure PLC
Hayleys Neluwa Hydro Power (Pvt) Ltd.	DFCC Bank PLC	-	48,611	72 monthly installments including 2 years grace period	A Primary Mortgage Bond for Rs. 500 mn over 30mn ordinary shares of the company held by promoters.
Fentons Ltd.	Sampath Bank PLC	63,800	50,200	60 monthly installments	Corporate Guarantee from Hayleys PLC
	Cargills Bank	77,500	105,000	60 monthly installments	Letter of comfort from Hayleys PLC
	Bank of Ceylon	202,460	240,000	60 monthly installments	Letter of comfort from Hayleys PLC
	Sanasa Development Bank PLC	95,982	-	60 monthly installments	Letter of comfort from Hayleys PLC
	Sanasa Development Bank PLC	126,426	-	60 monthly installments	Letter of comfort from Hayleys PLC
Energynet (Pvt) Ltd	Sampath Bank PLC	4,325	4,325	14 monthly installments	None
Solar One Ceylon (Pvt) Ltd.	Sampath Bank PLC	623,900	651,100	33 equal monthly installments	Mortgage over land of the project
Luxury Resorts (Pvt) Ltd.	Sampath Bank PLC	5,995,886	4,839,112	90 equal monthly installments	Leasehold Right of the land and Hotel building
Singer (Sri Lanka) PLC	Hatton National Bank PLC	-	750,000	Quarterly installments commenced in February 2021	Clean basis
	Hatton National Bank PLC	2,000,000	-	Quarterly installments commenced in June 2023	Clean basis
	Hatton National Bank PLC	2,000,000	-	Quarterly installments commencing June 2023	Negative Pledge



Company	Lender/rate of interest (p.a.)	2023 Rs. '000	2022 Rs. '000	Repayment	Security
	Commercial Bank of Ceylon PLC	1,500,000	2,100,000	Semi Annually installments commenced in January 2022	Negative Pledge
	Hatton National Bank PLC	1,800,000	2,400,000	Quarterly installments commencing April 2022	Clean basis
	Sampath Bank PLC	250,000	1,250,000	Quarterly installments commencing September 2021	Negative Pledged
Singer Finance (Lanka) PLC	Seylan Bank PLC	125,000	375,000	Monthly installments commenced in February 2019	Mortgage over lease
	Bank of Ceylon	-	158,333	Monthly installments commenced in November 2019	Mortgage over lease
	Seylan Bank PLC	-	83,500	Quarterly installments commenced in September 2020	Mortgage over lease
	Nations Trust Bank PLC	-	164,000	Quarterly installments commenced in March 2021	Mortgage over lease
	Bank of Ceylon	-	343,750	Monthly installments commenced in January 2022	Mortgage over lease
		45,064,531	44,642,940		

## NOTES TO THE FINANCIAL STATEMENTS

## 25.11.2 Syndication loans

Company	Lender/rate of interest (p.a.)	Trustee	2023 Rs. '000	2022 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Syndication 02- Tranche 01	Hatton National Bank PLC	-	200,000	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
	Syndication 02- Tranche 02	Hatton National Bank PLC	-	200,000	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
	Syndication 02- Tranche 03	Hatton National Bank PLC	200,000	200,000	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
	Syndication 02- Tranche 04	Hatton National Bank PLC	200,000	200,000	Pay at maturity, interest pay monthly, commenced in May 2020	Mortgage over lease
			400,000	800,000		

## 25.11.2 Securitisation loans

Company	Lender/rate of interest (p.a.)	Trustee	2023 Rs. '000	2022 Rs. '000	Repayment	Security
Singer Finance (Lanka) PLC	Securitisation 03 -Trust 03	Hatton National Bank PLC	-	12,000	Monthly installments commenced in December 2019	Mortgage over lease
	Securitisation 07 -Trust 01 -Tranche 01	National Savings Bank	162,000	122,600	Monthly installments commenced in December 2020	Mortgage over lease
	Securitisation 08 -Trust 01	Hatton National Bank PLC	-	545,000	Monthly installments commenced in July 2020	Mortgage over lease
			162,000	679,600		

## 26. GRANTS

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	838,161	836,618
Grants received during the year	19,110	38,950
Acquisition of subsidiaries	106,475	-
Amortised during the year	(39,608)	(37,407)
<b>At the end of the year</b>	<b>924,138</b>	<b>838,161</b>

### 26.1 Grants Received for the Group is as follows:

**Talawakelle Tea Estates PLC** - Grants were received from the Tea Board during the year. The receipt of funding in prior years are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies.

**Kelani Valley Plantations PLC** - Grants were received from the Rubber Development Board during the year for Rubber Plantations.

**Horana Plantations PLC** - Horana Plantations PLC - Grants were received from Sri Lanka Tea Board and Rubber Development Department for Tea replanting and Rubber replanting respectively.

**26.2** There are no conditions or contingencies attached to these grants. .

## 27 DEFERRED TAXATION

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Deferred tax assets	(3,411,813)	(2,803,644)	(68,643)	(14,771)
Deferred tax liabilities	12,602,194	7,433,449	-	-
<b>Net Deferred Tax Liabilities</b>	<b>9,190,381</b>	<b>4,629,805</b>	<b>(68,643)</b>	<b>(14,771)</b>

### 27.1 Net Deferred Tax liabilities

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	4,629,805	3,046,320	(14,771)	(24,525)
Amount originating during the year- Statement of Profit or Loss	2,715,669	509,513	(51,747)	12,484
Amount originating during the year- Other Comprehensive Income	1,220,325	540,638	(2,125)	(2,730)
Acquisition through business combinations	583,026	184,990	-	-
Effect of movements in exchange rates	41,556	348,344	-	-
<b>At the end of the year</b>	<b>9,190,381</b>	<b>4,629,805</b>	<b>(68,643)</b>	<b>(14,771)</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 27.2 Net Deferred Tax Liabilities are attributable to the following as at the year end

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Deferred tax assets</b>				
Tax effect of employee benefit obligations	(3,047,898)	(1,527,134)	(70,201)	(28,046)
Tax effect of tax loss carried forward	(686,043)	(826,776)	-	-
Tax effect of provisions	(2,277,946)	(2,877,305)	(461)	13,422
	(6,011,887)	(5,231,215)	(70,662)	(14,624)
<b>Deferred tax liabilities</b>				
Tax effect of property, plant & equipment	13,481,670	8,462,817	249	(3,242)
Tax effect of unrealised exchange differences	991,639	1,097,966	-	-
Tax effect of investment properties	728,959	300,237	1,770	3,095
	15,202,268	9,861,020	2,019	(147)
<b>Net deferred tax liabilities</b>	9,190,381	4,629,805	(68,643)	(14,771)

## 28 EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Present value of unfunded gratuity	12,845,248	11,208,145	1,560,016	1,298,429
<b>At the beginning of the year</b>	11,208,145	9,777,004	1,298,429	1,055,971
Acquisition through business combinations	466,007	151,036	-	-
Transfers	-	-	(1,532)	(1,107)
Effect of movements in exchange rates	117,811	322,429	-	-
Benefits paid by the during the year	(1,481,118)	(1,011,913)	(34,640)	(34,924)
Current Service costs	715,271	817,836	58,481	54,800
Interest cost	1,499,757	696,388	192,051	83,036
Actuarial loss	319,375	455,365	47,227	140,653
<b>At the end of the year</b>	12,845,248	11,208,145	1,560,016	1,298,429

For the year ended 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>The expense is recognised in the following line items in the Statement of Profit or Loss</b>				
Cost of sales	118,253	191,646	4,902	4,289
Administrative expenses	2,083,209	1,285,900	245,630	133,547
Distribution expenses	13,566	36,678	-	-
	2,215,028	1,514,224	250,532	137,836

An actuarial valuation of the retirement gratuity payable was carried out as at March 31, 2023 by Mr M Poopalanathan, AIA, of Messrs. Actuarial & Management Consultants (Pvt) Ltd. and Mr. Pushpakumar Gunasekara, AIA, of Messrs. Smiles Global (Pvt) Ltd., firms of professional Actuaries. The valuation method used by the actuaries to value the liability is the “Projected Unit Credit Method (PUC)”, the method recommended by the Sri Lanka Accounting Standard - LKAS 19 on “Employee Benefits.

### 28.1 Actuarial assumptions

The following key assumptions were made in arriving at the above figure.

As at 31st March	Others		Plantations		Overseas Subsidiaries	
	2023	2022	2023	2022	2023	2022
Rate of discount	18.0%	15%	20%	15%	3%-8%	3%-8%
Salary increase	16.0%	13.5%	15% - 16%	8% - 13.5%	3%-9%	3%-8%

Assumptions regarding future mortality are based on the A1967/70 for Staff/Executive and A1949/52 for Worker, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation are with respect to retirement age early withdrawals from service and retirement on medical grounds.

**28.2** The Group’s and Company employee benefit obligations would have been Rs. 12,323 mn (2022- Rs. 9,663 mn) and Rs. 1,359 mn (2022- Rs. 1,161 mn) respectively, as at the reporting date had the Group calculated its retirement benefit obligation as per the requirements of the Payments of Gratuity Act no 12 of 1983, applying the basis of computation given in page 333 to the Financial Statements.

### 28.3 Sensitivity Analysis - Salary Escalation Rate/Discount Rate

Values appearing in the Financial Statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity was carried out as follows,

A one percentage point change in the salary escalation rate

	Consolidated		Company	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	13,536,340	12,107,406	1,605,389	1,517,188

A one percentage point change in the discount rate

	Consolidated		Company	
	+1%	-1%	+1%	-1%
The present value of defined benefit obligation (Rs.'000)	12,155,405	13,493,877	1,527,552	1,595,215

## NOTES TO THE FINANCIAL STATEMENTS

## 28.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Less than or equal 1 year	2,135,500	2,220,775	866,406	727,983
Over 1 year and less than or equal 5 years	4,909,075	4,008,628	541,568	375,955
Over 5 year and less than or equal 10 years	3,330,911	2,914,198	75,582	138,923
Over 10 years	2,469,762	2,064,544	76,460	55,568
	12,845,248	11,208,145	1,560,016	1,298,429

## 29 TRADE AND OTHER PAYABLES

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Trade payables	29,336,614	44,346,117	-	-
Bills payable	586,496	723,730	-	-
Other payables including accrued expenses	32,866,204	30,422,326	4,716,538	1,179,240
Unclaimed dividends	510,500	822,765	126,687	89,260
Provision	3,105,243	2,941,673	-	-
	66,405,057	79,256,611	4,843,225	1,268,500

## 29.1 Provisions

As at 31st March	Consolidated			
	Maintenance warranties ** Rs.'000	Other Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	410,364	2,531,309	2,941,673	1,513,326
Arising during the year	587,894	3,612,552	4,200,446	2,226,155
Transfer from accruals	-	793,736	793,736	170,818
Utilised	(481,615)	(4,348,997)	(4,830,612)	(968,626)
<b>At the end of the year</b>	516,643	2,588,600	3,105,243	2,941,673

\*\*Maintenance warranties

A provision for maintenance warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

Alumex PLC - Provision is recognised for expected warranty claims on wood finished product sold.

Singer Group - Warranty provision has cover both manufacturing defects & defects of imported Products.

Hayleys Lifesciences (Pvt) Ltd - Provision is recognised for equipment sold.

Hayleys Aventura (Pvt) Ltd - provision for warranty for generators

Fentons Ltd - Provision is recognised for expected warranty claims on projects completed

Quality Seeds Company (Pvt) Ltd - Provision exists for production orders and landscape projects.

## 29.2 Currency wise Analysis of Trade and Other Payables

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lankan Rupees	40,430,926	52,439,037	4,843,225	1,268,500
Pounds Sterling	102,927	146,453	-	-
United States Dollars	18,172,130	18,193,720	-	-
Euro	2,706,864	4,015,401	-	-
Thai Baht	2,523,971	2,959,333	-	-
Bangladesh Taka	804,979	456,506	-	-
Maldivian Rufiyaa	571,812	203,924	-	-
Others	929,368	862,827	-	-
	66,405,057	79,256,611	4,843,225	1,268,500

## 29.3 Other Liabilities

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Other tax payable	1,443,708	731,765	67,602	29,704
Other payable	2,444,698	2,509,270	-	-
Payments received in advance	6,011,168	6,122,182	-	-
	9,899,574	9,363,217	67,602	29,704
<b>Other Current Liabilities</b>	7,815,736	7,725,691	67,602	29,704
<b>Other Non Current Liabilities</b>	2,083,838	1,637,526	-	-

## 29.4 Deferred Revenue

As at 31st March	Consolidated	
	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	618,787	492,080
Amounts recognised during the year	1,888,810	957,029
Amounts transferred during the year	(1,553,287)	(830,322)
<b>At the end of the year</b>	954,310	618,787

Deferred Revenue includes maintenance service agreements for Industrial Products & Services, Health Equipment, and ITO & Software services.

## 30 INCOME TAX

### 30.1 Income Tax Recoverable

As at 31st March	Notes	Consolidated		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
At the end of the year	30.2	944,281	837,838	-	68,645

## NOTES TO THE FINANCIAL STATEMENTS

## 30.2 Income Tax Payable

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>At the beginning of the year</b>	2,689,340	2,107,182	(68,645)	84,485
Subsidiaries'/ parents' taxation on current year's profit	11,819,469	7,062,080	248,893	-
Irrecoverable economic service charge	3,407	28,065	-	10,043
Under provision in respect of previous years	67,923	(173,742)	-	(162,506)
Tax on dividend	470,301	191,928	-	-
Acquisition through business combinations	(5,210)	(67,844)	-	-
Set off against ESC	-	(6,789)	-	-
Tax credits received	55,434	1,100	-	-
Effect of movements in exchange rates	(40,661)	182,381	-	-
Payments made during the year	(9,963,868)	(6,635,021)	(62,132)	(667)
Net Income Tax payable/(recoverable)	5,096,135	2,689,340	118,116	(68,645)
Income tax recoverable	944,281	837,838	-	68,645
At the end of the year	6,040,416	3,527,178	118,116	-

## 31. SHORT-TERM INTEREST BEARING BORROWINGS

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lankan Rupees	44,615,300	63,221,254	5,166,716	3,031,945
Pounds Sterling	199,677	180,794	-	-
United States Dollars	16,640,328	10,325,575	-	-
Euro	1,950,643	2,021,454	-	-
Indonesian Rupiah	2,343,255	2,313,438	-	-
Bangladesh Taka	2,409,169	1,959,563	-	-
Others	805,653	803,477	-	-
	68,964,025	80,825,555	5,166,716	3,031,945



## 32. CONTINGENT LIABILITIES AND COMMITMENTS

### 32.1 Contingent Liabilities

#### Company

The contingent liability as at 31st March, 2023 on guarantees given by Hayleys PLC, to third parties amounted to Rs. 1,057 mn (2022 - Rs. 1,057 mn). This relates to facilities obtained by subsidiaries.

#### Group

- The contingent liability as at 31st March 2023 on guarantees given by Haycarb Group to third parties amounted to Rs. 7,876.93 mn (2021/22 - Rs. 7,850.42 mn). Of this sum, Rs. 7,123.51 mn (2021/22 - Rs. 6,406.26 mn) relates to facilities obtained by subsidiaries.
- The contingent liabilities as at 31st March, 2023 on guarantees given by Alumex PLC to third parties amounted to Rs 56.7 mn (2022 - Rs. 31.8 mn)

#### Singer Sri Lanka PLC

- Commissioner General of Inland Revenue has issued an assessment notice on Singer (Sri Lanka) PLC pertaining to an additional VAT on Financial Services Liability for the taxable period of 01st January 2016 to 31 December 2016. The assessment was for a VAT on Financial Services payment of Rs. 27 mn and penalty of Rs. 16 mn, totalling to Rs. 43 mn. Subsequently, Commissioner General of Inland Revenue had given the determination on the appeal. As per the same, Rs. 26 mn of VAT on Financial Services liability and a penalty of Rs. 26 mn totalling to Rs. 52 mn is payable as a VAT on Financial Services liability for the period 1st January 2016 to 31st December 2016. The Company after carefully reviewing the situation and based on the advice of tax consultants, was of the opinion that the Company has strong grounds on which to contest the CGIR's determination. Accordingly, the Company decided to appeal to the Tax Appeal Commission against the determination on 17th August 2021. Further, the Company has provided a bank guarantee amounting to Rs.13 mn to the Commissioner General of Inland Revenue - Tax Appeal Commission on 03rd December 2021.
- Commissioner General of Inland Revenue has issued assessment notices on Singer Digital Media (Pvt) Ltd which has been amalgamated with Singer (Sri Lanka) PLC pertaining to an additional Income Tax Liability for the Year of Assessment 2018/2019. The assessment was for an income tax payment of Rs. 86 mn and interest and penalty of Rs. 44 mn and Rs. 17 mn respectively, totalling Rs. 147 mn. Since, the Commissioner General of Inland Revenue has failed to make the determination on the appeal, the Company has decided to appeal to the Tax Appeal Commission against the assessment dated 25th May 2022. Further, Company has provided a bank guarantee amounting of Rs. 37 mn to the Commissioner General of Inland Revenue - Tax Appeal Commission on 02nd March 2023.
- Singer (Sri Lanka) PLC has provided bank guarantees amounting to Rs. 337 mn to Director General of Customs to clear imports during the years 2008 to December 2022. The bank guarantee related to alleged additional duty payable on imports, claimed by the customs and is being contested by the Company in courts. The Court of Appeal ordered that the Director General of Customs continue with the investigations. The Company being aggrieved by the decision has filed an appeal, which is pending before the Supreme Court. The Company lawyers are of the opinion that there is no basis that the Company is liable for the additional duty. Based on assessment of the probability is higher that the Company would not be required to settle the liabilities. Hence, no provision is made in the Financial Statements.
- Singer Finance (Lanka) PLC has provided letters of guarantee totalling to Rs. 1.5 mn against fixed deposits of Rs. 1.5 mn.
- Case bearing No. 404 has been filled against Singer Finance (Lanka) PLC by a customer in the District Court of Ampara claiming Rs. 2 mn as damages caused by repossessing and selling of a vehicle leased through the Company. The case will be called on 31st July 2023 for further trial. Further, the Company has received summons for case number 004674/21DMR claiming Rs. 3.8 mn as damages. The case will be called on 25th January 2024 for proxy and answer. The lawyers of the Company are of the view that the ultimate resolution of these litigations would not likely to have a material impact.
- Regnis (Lanka) PLC has provided corporate guarantees to banks on behalf of Regnis Appliances (Private) Limited amounting to Rs. 410 mn for the purpose of obtaining banking facilities
- Regnis (Lanka) PLC cleared a shipment of imported goods during the year 2008 on provision of a bank guarantee to the Director of Custom amounting to Rs. 7 mn. The bank guarantee relates to alleged additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements additional duty payable on imports which is contested by the Company. The customs inquiry initiated in 2008 is still pending. The Management is of the opinion that there is no basis that the Company is liable for the additional duty and hence, no provision is made in the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

### The Kingsbury PLC

- The application filed by legal counsel on behalf of the Company objecting the order made by the Learned Magistrate of Maligakanda Magistrate Court for the Company to pay 1% of the turnover of the Hotel as license fees to the Colombo Municipal Council (CMC). The Company filed a petition of appeal on 27th January 2011 in the court of appeal. The Court of appeal has abated the matter pending the decision of the court in the writ Application filed challenging the levying of 1% of Turnover as License Duty.
- There are ten cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the years 2009 (13219/M), 2010 (14158/M), 2011(15464/R), 2013 (28930/14), 2014 (16397/15), 2015 (15580/16), 2016 (15689/17), 2017 (16909/18), 2018(16251/19), 2019 (4689/20), 2020 (7579/21) and 2021 (11639/2022). All cases, apart from the one filed for 2021(11639/22)have concluded in the Magistrate's Court with the Hon. Magistrate holding against the Company and fining the Company LKR100/-, for each case, which fine has been paid, as of date. The case filed for 2021 (11639/22) judgment has been given against the company but is pending sentencing on 16th June 2023. There are no appeals pending as of date for the above Maligakanda Magistrate's Court cases.
- The writ application (766/2010) filed by the company challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 1% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2008, 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19th September 2019, and their Lordships of the Court of Appeal dismissed the application and ordered costs. Costs have not been determined as of date. The case was appealed to the Supreme Court, however, the appeal has yet to be supported.

### 32.2 Commitments

In terms of the operating lease agreements entered in to, minimum future lease payments payable by the Group is as follows.

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Repayable within one year	1,575,855	1,318,524	70,493	62,856
Repayable after one year less than 5 years	5,796,265	4,249,253	81,294	151,787
Repayable after 5 years	2,728,063	3,644,885	-	-
	10,100,183	9,212,662	151,787	214,643

### 33 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were:

As at 31st March	Average		As at 31st March	
	2023	2022	2023	2022
United States Dollar	360.16	210.81	329.00	293.88
Australian Dollar	246.01	155.63	220.89	220.33
Pound Sterling	434.15	287.06	407.50	385.56
Thai Baht	10.20	6.44	9.66	8.81
Bangladesh Taka	3.67	2.47	3.07	3.42
Euro	375.26	244.39	358.58	328.18
Indian Rupee	4.47	2.83	4.00	3.88
Indonesian Rupiah	0.02	0.01	0.02	0.02
Maldivian Rufiyaa	23.64	13.66	21.36	19.02

### 34 Functional Currency

The Group's functional currency is Sri Lankan Rupee, except in the following subsidiaries and equity accounted investees where the functional currency is different as they operate in different economic environments.

Company	Functional Currency
Charles Fibre (Pvt) Ltd.	Indian Rupees
Dipped Products (Thailand) Ltd.	Thai Baht
ICOGUANTI S.p.A	Euro
DPL France SAS	Euro
ROZENBAL POLSKA Sp. z.o.o	Euro
Haycarb Holdings Bitung Ltd.	USD
Haycarb USA Inc.	USD
Carbokarn Co. Ltd.	Thai Baht
CK Regen Systems Co. Ltd.	Thai Baht
Shizuka Co. Ltd.	Thai Baht
Eurocarb Products Ltd.	Pounds Sterling
Haycarb Holdings Australia (Pty) Ltd.	Australian Dollars
PT Mapalus Makawanua Charcoal Industry	Indonesion Rupiah
PT Haycarb Palu Mitra	Indonesion Rupiah
Puricarb Pte Ltd.	Euro
Haycarb India	Indian Rupees
Hayleys Fabric PLC	USD
South Asia Textile Ltd	USD
Martin Bauer Hayleys (Pvt) Ltd.	USD
Haychem (Bangladesh) Ltd.	Taka
Nautical Maldives (Pvt) Ltd.	Maldivian Rufiyaa
One World Logistics Maldives (Pvt) Ltd.	Maldivian Rufiyaa
Super Logistics (Pvt) Ltd.	Maldivian Rufiyaa
Total Transport Solutions Maldives (Pvt) Ltd.	Maldivian Rufiyaa
Advantis Singapore Pte Ltd.	USD
Advantis Kusuhara Sedate Myanmar (Pvt) Ltd.	Kyat
Luxury Resorts (Pvt) Ltd.	USD
Advantis Sedate Myanmar (Pvt) Ltd.	Kyat
Advantis Intasl Bangladesh (Pvt) Ltd.	Taka
PT Advantis Akaza Indonesia	Indonesion Rupiah
Civaro Freight India (Pvt) Ltd.	Indian Rupees
Hayleylines Limited	USD
Logiwiz Logistics India (Pvt) Ltd.	Indian Rupees
Moceti International (Pvt) Ltd	USD
Lanka Maritime Services (Pvt ) Ltd	USD
Lanka Bunkering services (Pvt) Ltd	USD
Logiwiz logistic india Limited	Indian Rupees
Advnatis Sabang Raya Lines (Pvt) Ltd	USD
Haylex BV Group	Euro, Yen & USD
Haylex USA	USD

## NOTES TO THE FINANCIAL STATEMENTS

### 35. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements.

### 36. COMPANIES WITH DIFFERENT ACCOUNTING YEARS

The Financial Statements of, Haylex BV Group has been prepared for the year ended 31st December and ICOGUANTI S.p.A, DPL France SAS and ROZENBAL POLSKA Sp. z.o.o. has prepared for the year ended 28th February. These Companies have been consolidated based on the Financial Statements drawn up to 31st December and 28th February since these subsidiaries are not material to the Group.

### 37. ACQUISITION OF SUBSIDIARIES

#### 37.1 Summary of Acquisitions

During the year, the Group acquired three companies; Horana Plantations PLC, Colombo Cargo Express (Pvt) Ltd. and ROZENBAL POLSKA Sp. z.o.o. On March 29, 2023, Hayleys Plantations Services (Pvt) Ltd. acquired a stake of 51% in Horana Plantations PLC for a consideration of Rs. 699.98 mn. Incorporated in 1992, Horana Plantations PLC has grown to become one of Sri Lanka's premier Plantation Companies and diversified into a broad-based agribusiness entity specialised in production, processing and marketing.

In April 14, 2022, ICOGUANTI S.p.A (Italy) acquired a stake of 96.5% in ROZENBAL POLSKA Sp. z.o.o. for a consideration of Rs. 373 (EUR 1.00). The acquiree operates in Poland and acts as a new marketing arm to the Dipped Products Group further consolidating its stronghold in the EU.

In November 30, 2022, Hayleys Advantis Ltd. acquired a 100% stake in Colombo Cargo Express (Pvt) Ltd. for a consideration of Rs. 106.79 mn. The Company offers their customers new avenues in the handling and customs clearance of Courier and Air express shipments, as a common provider. The fair values of assets acquired and liabilities assumed through the business combinations are given below.

As at 31st March	Horana Plantations PLC (Provisional amounts)* Rs'000	Colombo Cargo Express Rs'000	ROZENBAL POLSKA Sp. z.o.o. Rs'000	Total Rs'000
Property, plant & equipment	2,848,327	6,923	-	2,855,250
Right-of-use assets	168,496	10,250	-	178,746
Biological Assets	591,546	-	-	591,546
Inventories	486,233	-	157,286	643,519
Trade and other receivables	176,624	20,713	154,001	351,338
Other current assets	30,319	1,007	-	31,326
Income tax receivable	-	1,022	-	1,022
Deferred tax liability	(583,026)	-	-	(583,026)
Grants	(106,475)	-	-	(106,475)
Employee benefit obligations	(458,832)	(7,175)	-	(466,007)
Trade and other payables	(343,062)	(14,305)	(176,792)	(534,159)
Other current liabilities	(53,496)	(1,762)	-	(55,258)
Interest Bearing Borrowings	(1,367,075)	(16,995)	-	(1,384,070)
Net identifiable assets and liabilities	1,389,579	(322)	134,495	1,523,752
Non-controlling interests	(673,231)	-	(7,605)	(680,836)
Goodwil acquired	443,251	95,173	-	538,424
Gain on bargain purchase	-	-	(209,690)	(209,690)
	1,159,599	94,851	(82,800)	1,171,650

\*As of the reporting date the management is in the process of obtaining information pertaining to the acquisition of Horana Plantations PLC, particularly information supporting the determination of fair value of assets acquired and liabilities assumed through the acquisition. As the process pertaining to initial accounting of the investment was incomplete, management has used provisional amounts in determining the goodwill arising from the acquisition and intends on making the required adjustments retrospectively in accordance with the provisions of Sri Lanka Accounting Standards.

### 37.2 Satisfied by

As at 31st March	Horana Plantations PLC Rs'000	Colombo Cargo Express Rs'000	ROZENBAL POLSKA Sp. z.o.o Rs'000	Total Rs'000
Cash consideration	(699,975)	(106,786)	-	(806,761)
Short term deposits acquired	22,681	40,986	-	63,667
Cash in hand and bank acquired	14,698	8,306	82,800	105,804
Short term borrowings acquired	(497,003)	(37,357)	-	(534,360)
	(1,159,599)	(94,851)	82,800	(1,171,650)

### 37.3 Revenue and Profits of acquirees

From the date of acquisition, ROZENBAL POLSKA Sp. z.o.o and Colombo Cargo Express (Pvt) Ltd. contributed to revenue an amount of Rs. 663 mn and Rs. 42 mn; and contributed Rs. (60) mn and Rs. 7 mn to profit before tax (PBT) respectively to the consolidated results of the Group.

### 37.4 Principal subsidiaries with material non-controlling interests

Summarised financial information in respect of Hayleys PLC's subsidiaries that have material non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	Dipped Products PLC Rs'000	Haycarb PLC Rs'000	Hayleys Advantis Ltd Rs'000	Singer (Sri Lanka) PLC Rs'000
Non-controlling interest in %	44	32	7	11
Non-current assets	26,669,799	12,808,714	27,997,180	22,277,203
Current assets	36,320,985	27,382,477	41,592,841	56,520,711
<b>Total assets</b>	<b>62,990,784</b>	<b>40,191,191</b>	<b>69,590,021</b>	<b>78,797,914</b>
Non-current liabilities	10,350,891	1,713,605	14,641,139	23,850,388
Current liabilities	19,124,583	13,265,020	36,204,416	42,857,542
<b>Total liabilities</b>	<b>29,475,474</b>	<b>14,978,625</b>	<b>50,845,555</b>	<b>66,707,930</b>
<b>Equity attributable to the owners of the company</b>	<b>26,975,061</b>	<b>22,141,821</b>	<b>15,697,705</b>	<b>10,143,080</b>
Non-controlling interests	6,540,249	3,070,746	3,046,762	1,946,904
<b>For the year ended 31st March</b>				
<b>Revenue from contracts with customers</b>	<b>80,099,311</b>	<b>60,943,256</b>	<b>134,901,048</b>	<b>54,767,234</b>
Profit after tax	8,502,424	6,505,488	9,814,666	95,931
Profit attributable to the owners of the company	6,507,083	5,823,160	6,542,525	7,082
Profit attributable to the non-controlling interests	1,995,341	682,328	3,272,141	88,849
Total comprehensive income	9,157,673	7,057,662	9,500,023	(136,459)
Dividend paid to non controlling interests	(638,735)	(460,970)	1,348,346	32,449
Net cash inflow from operating activities	12,476,702	10,121,954	4,622,222	1,241,087
Net cash (outflow) from investing activities	(4,475,287)	(1,619,141)	(4,899,485)	(1,634,291)
Net cash (outflow)/inflow from financing activities	(5,674,380)	(3,143,634)	(3,966,040)	1,405,428
<b>Total net cash (outflow) )/inflow</b>	<b>2,327,035</b>	<b>5,359,179</b>	<b>(4,243,303)</b>	<b>1,012,224</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 38 RELATED PARTY TRANSACTIONS

#### 38.1 Parent and Ultimate Controlling Party

Company does not have an identifiable parent of its own.

#### 38.2 Transactions with Key Management Personnel

##### 38.2.1 Loans to Directors

No loans have been given to the Directors of the Company.

##### 38.2.2 Key Management Personnel Compensation

Key management personnel comprise the Directors of the company and details of compensation are given in Note 10 to the Financial Statements.

For the year ended 31st March	Consolidated		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term employee benefit	3,568,726	2,801,680	780,438	640,751
	3,568,726	2,801,680	780,438	640,751

##### 38.2.3 Other Transactions With Key Management Personnel

**38.2.3.1** The names of Directors of Hayleys PLC, who are also directors of subsidiaries joint ventures and equity accounted investees companies are stated on pages 289 to 291 to the Financial Statements.

**38.2.3.2** Details of directors and their spouses' share holdings are given on page 440. There were no other transactions with key management personnel other than those disclosed in Note 38 to the Financial Statements.

### 38.3 Transactions with Subsidiaries , Equity Accounted Investees & Other Related Companies

Relationships with subsidiaries and equity accounted investees are explained in Note 18 and also under Group Companies in pages 446 and 450. Business segment classification is also given under Group Companies.

**38.3.1** Companies within the Group engage in trading transactions under relevant commercial terms and condition.

**38.3.2** Hayleys PLC. provides office space to its subsidiary and equity accounted investees and charges rent. In addition the Company incurs common expenses such as on finance, export shipping, secretarial, data processing, personnel and administration functions. Such costs are allocated to subsidiary and equity accounted investees. Details are given below.

For the year ended 31st March	Company					
	2023			2022		
	Rs.'000			Rs.'000		
Business segment	Rent	Common expenses	Purchase of goods and services	Rent	Common expenses	Purchase of goods and services
Eco solutions	29,752	403,683	359	19,690	254,850	4,182
Hand protection	39,348	696,122	13,737	33,647	454,374	5,487
Purification	67,038	449,213	269	57,325	312,891	142
Textiles	-	287,780	-	-	264,917	-
Construction materials	-	201,934	14	-	210,670	513
Agriculture	33,713	305,711	8,236	31,624	237,423	5,219
Plantations	44,384	381,020	1,612	37,954	298,237	2,983
Industry inputs	51,196	116,831	16,772	42,871	103,890	2,909
Power & energy	-	46,964	-	-	32,520	920
Transportation & logistics	170,657	629,501	22,330	146,690	494,835	16,738
Consumer & retail	18,562	550,539	22,136	15,872	503,474	7,884
Leisure	572	689,028	75,724	-	314,068	31,830
Others	35,358	336,619	331,530	30,235	238,435	189,381
	490,580	5,094,945	492,719	415,908	3,720,584	268,188

#### 38.4 Amount Due From/Due To Subsidiaries

As at 31st March	Company				
	2023		2022		
	Rs.'000		Rs.'000		
Business segment	Receivable-current	Payables	Receivable-non-current	Receivable-current	Payables
Eco solutions	108,131	(457)	-	98,351	(63)
Hand protection	103,846	(2,096)	-	188,950	(3,267)
Purification	58,657	-	-	279,657	-
Textiles	24,730	-	-	101,485	-
Construction materials	296,450	-	-	148,795	-
Agriculture	675,138	(1,351)	-	836,022	(1,082)
Plantations	76,705	(113)	-	44,309	(316,487)
Industry inputs	222,145	(583)	-	255,423	(973)
Power & energy	36,256	-	-	20,236	-
Transportation & logistics	455,931	(9,428)	-	632,049	(6,849)
Consumer & retail	232,439	(727)	-	321,494	(732)
Leisure	1,479,721	(6,308)	-	756,315	(2,270)
Others	493,982	(284,416)	610,000	214,754	(341,084)
<b>Total</b>	<b>4,264,131</b>	<b>(305,479)</b>	<b>610,000</b>	<b>3,897,840</b>	<b>(672,807)</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 38.5 Amount due from/due to Equity Accounted Investees

As at 31st March	Consolidated				Company			
	2023		2022		2023		2022	
	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable
Business segment	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Purification	101,896	-	60,111	-	72	-	123	-
Transportation & logistics	5,869	-	1,214	-	317	-	218	-
Plantations	51,698	(456)	4,479	(322)	597	(385)	849	(322)
Power & energy	-	-	77,087	-	-	-	-	-
	159,463	(456)	142,891	(322)	986	(385)	1,190	(322)

## 38.6 Transactions With Other Related Companies

Company	Relationship	Name of director	Nature of transaction	Amount Rs.000
LB Finance PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	15,301
Pan Asia Banking Corporation PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	1,491
Royal Ceremics Lanka PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	18,444
			Sale/(Purchase) of goods and services	157,816
Vallibel Finance PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	2,570
Vallibel One PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	6,662
			Sale/(Purchase) of goods and services	239,792
Uni-Dil Packaging Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	(17,122)
			Sale/(Purchase) of goods and services	(537,231)
Delmege Forsyth & Company Limited	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	25,355
			Sale/(Purchase) of goods and services	997,347
Lanka Tiles PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	454
			Sale/(Purchase) of goods and services	26,668
Vallibel Power Erathna PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	5,479
Valible Plantation Management Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(8,353)
			Consideration paid for purchase of investment	(699,975)
Delmege Insurance Brokers (Pvt) Ltd.	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	71,144
Swisstek (Ceylon) PLC	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	5,669
			Sale/(Purchase) of goods and services	36,975



Company	Relationship	Name of director	Nature of transaction	Amount Rs.000
Vallibel Properties Ltd	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	12,127
			Sale/(Purchase) of goods and services	18,556
Grip Delmege (Pvt) Ltd	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	3,235
			Sale/(Purchase) of goods and services	78,986
Uni-Dil Packaging Solutions Limited	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	(121,377)
Lanka Ceramics PLC	Significant Share holder	K.D.D. Perera	Sale/(Purchase) of goods and services	163
Rocell Bathware Ltd	Significant Share holder	K.D.D. Perera	Amount Receivable/(Payable)	3,235
			Sale/(Purchase) of goods and services	78,986

**38.7** There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower of the Group as per financial statements ending March 31, 2023, which require additional disclosures in the 2022/23 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

**38.8** There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue Group as per financial statements ending March 31, 2023, which require additional disclosures in the 2022/23 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

**38.9** Details of guarantees given in respect of related parties are given in Note 32 to the Financial Statements.

**38.10** No provision was made in respect of related party receivables.

**38.11** No security has been obtained for related party receivables and all related party dues are payable on demand.

**38.12** Interest on related party dues are decided based on the inter bank lending rates, associated risk and purpose for which funds are used.

**38.13** There are no related parties or related party transactions other than those disclosed in Note 38 to the Financial Statements.

### 39 SURCHARGE TAX

Surcharge Tax Act No. 14 of 2022 was enacted on 8 April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, which exceeds Rs. 2.00 bn, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries and deemed to be an expenditure in the financial statements in the year of assessment which commenced on 1 April 2020.

Total Surcharge Tax liability of Rs. 2.47 bn was recognised in the financial statements of financial year 2022/2023 for the Group and the Company as an opening adjustment to the 1 April 2022 retained earnings in the statement of Changes in Equity as per the Addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

The Group was liable to pay Surcharge Tax on the respective individual entity level. The Group share of total Surcharge Tax liability of Rs. 2.47 mn has been included in Surcharge Tax charge recognised in the Group Statement of Changes in Equity as an adjustment to the 01 April 2022 opening retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. SEGMENT ANALYSIS

The segment information is based on two segmental formats. The business segment is considered as the primary format and based on the management structure of the Group. The management are of the view that the Chairman is considered the Chief Operating decision maker and resources are allocated and performance assessed based on the sectors, Therefore each sector which falls under the purview of a different GMC member is considered a separate segment.

In Rs '000	Eco Solutions		Hand Protection		Purifications		Textiles		Construction Materials		Plantation		Agriculture	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
For the year ended 31st March,														
<b>Revenue</b>														
Total	18,437,162	13,754,453	51,384,330	37,917,943	60,943,256	33,160,474	61,740,020	32,677,481	10,214,848	9,595,225	28,648,463	17,601,741	34,427,007	24,393,352
Intra Group	(3,216,145)	(2,623,238)	(7,999)	(60,034)	(586,087)	(409,881)	(1,725,585)	(1,009,292)	(90,764)	(77,534)	(26,796)	(232,343)	(1,429,004)	(303,951)
External	15,221,016	11,131,215	51,376,331	37,857,909	60,357,169	32,750,593	60,014,435	31,668,189	10,124,084	9,517,691	28,621,667	17,369,398	32,998,004	24,089,402
<b>Segment results</b>														
Results from operating activities	2,429,978	717,994	4,072,380	2,896,253	8,274,284	3,079,056	4,128,866	1,756,662	1,222,479	1,487,728	5,516,783	2,450,344	7,378,599	3,011,320
Finance income	1,612,788	1,315,142	4,257,325	3,634,235	3,392,719	2,324,626	1,391,288	1,984,245	721,330	162,165	1,576,663	1,059,699	1,727,233	2,008,160
Finance cost	(1,478,640)	(330,914)	(3,078,346)	(1,525,593)	(3,411,388)	(722,727)	(2,506,686)	(583,707)	(1,790,268)	(268,138)	(770,879)	(710,827)	(4,096,240)	(2,717,042)
Share of profit of equity accounted investees (net of tax)	-	-	-	-	(8,608)	(39,425)	-	-	-	-	380,920	46,974	-	-
Change in fair value of Investment Properties	91,844	65,899	-	-	-	-	-	-	-	-	-	-	-	-
Value added tax on financial services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit before tax</b>	<b>2,655,970</b>	<b>1,768,121</b>	<b>5,251,360</b>	<b>5,004,895</b>	<b>8,247,007</b>	<b>4,641,530</b>	<b>3,013,468</b>	<b>3,157,199</b>	<b>153,541</b>	<b>1,381,755</b>	<b>6,703,488</b>	<b>2,846,190</b>	<b>5,009,592</b>	<b>2,302,438</b>
Tax	185,090	267,637	974,790	955,183	1,752,544	934,848	2,610,255	463,525	163,750	229,849	1,736,795	224,360	1,477,813	587,837
Depreciation on property, plant & equipment	220,824	158,874	964,549	624,497	834,335	604,623	1,404,479	721,103	330,949	239,386	561,427	507,592	128,841	112,682
Impairment of goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of property, plant & equipment	-	-	-	-	-	-	1,448	43,837	-	42,212	-	-	-	-
Amortisation of intangible assets	12,524	12,837	46,820	14,822	15,682	13,719	41,227	19,432	18,224	16,464	4,045	3,035	12,641	12,656
Total assets (excl. equity accounted investees)	18,693,540	17,515,057	34,611,182	34,906,503	38,550,792	38,135,393	40,174,624	36,709,604	10,502,630	12,070,275	28,294,872	19,031,717	26,323,003	25,826,318
Investment in equity accounted investees	-	-	390,983	390,920	16,315	24,921	-	-	-	-	203,526	(842,292)	-	-
Additions to Property Plant & equipment	1,011,216	497,755	3,938,286	1,644,639	1,860,853	723,454	3,486,314	1,201,249	662,184	654,475	585,265	707,276	1,629,001	139,310
Improvements to Biological assets	-	-	-	-	-	-	-	-	-	-	16,655	19,131	-	-
Additions to Intangible assets	2,802	414	102,448	10,056	46,110	38,077	165,612	2,110,780	15,013	3,842	-	9,427	-	-
Current portion of interest bearing borrowings	376,947	476,300	2,459,672	1,547,342	205,693	316,347	1,684,134	1,464,423	589,012	668,693	471,995	164,321	478,765	595,110
Non-current portion of interest bearing borrowings	516,082	809,793	2,363,564	1,501,161	333,935	677,152	5,221,356	5,126,823	935,695	1,415,035	1,199,047	990,191	789,677	1,135,007
Goodwill	-	-	33,308	33,308	202,041	202,041	2,103,885	2,103,885	-	-	663,872	220,621	-	-
<b>Non Interest bearing liabilities</b>														
Deferred tax Liability	804,293	592,858	157,891	171,938	136,709	368,658	3,134,141	1,235,690	444,218	238,321	2,119,477	604,011	122,134	90,280
Employee benefit obligations	429,234	414,405	1,263,489	1,092,156	1,230,526	1,143,283	997,561	864,439	206,975	166,261	2,333,480	1,902,357	765,020	761,445
Trade and other payables	1,961,666	1,643,500	5,426,288	5,879,868	5,246,803	5,062,252	10,027,181	11,002,468	1,328,042	2,316,782	3,165,756	1,636,169	3,504,908	5,714,469
<b>Cash Flow</b>														
Segment cash flows from Operating Activities	3,554,744	(435,537)	7,718,213	6,135,180	10,121,954	(2,814,470)	481,140	2,113,599	541,829	(820,451)	4,758,489	1,672,409	996,112	(2,973,346)
Segment cash flows from Investment Activities	(895,000)	(165,447)	(3,710,040)	(2,603,260)	(1,619,141)	(1,504,780)	(1,770,270)	(7,871,365)	(534,972)	(751,326)	(370,347)	(554,710)	(1,321,093)	190,312
Segment cash flows from Financing Activities	(1,738,635)	(145,693)	(3,939,838)	2,439,167	(3,143,634)	(816,259)	(1,279,938)	7,276,523	(894,389)	(58,640)	(2,161,207)	(386,358)	(3,035,922)	(600,922)

The transactions between the segments are conducted under arm's length.

\*Non-segment adjustments relate to the intercompany transactions which includes intercompany eliminations and reclassifications done at the Hayleys PLC group level.

Consumer & Retail		Leisure		Industry Inputs		Power and Renewable Energy		Transportation & Logistics		Others		Non Segment Adjustments		Total	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
64,014,134	83,576,024	7,052,550	3,481,706	8,316,875	6,170,713	1,329,346	1,315,222	134,746,066	71,662,766	17,636,801	12,525,639	-	-	498,890,860	347,832,739
(121,415)	(33,157)	(365,935)	(62,202)	(928,304)	(422,178)	-	(23,143)	(451,275)	(2,389,905)	(2,510,668)	(2,176,301)	-	-	(11,459,979)	(9,823,159)
63,892,719	83,542,868	6,686,614	3,419,504	7,388,571	5,748,535	1,329,346	1,292,079	134,294,791	69,272,860	15,126,132	10,349,338	-	-	487,430,881	338,009,580
7,457,327	8,502,120	(901,149)	(1,018,772)	1,689,825	509,809	565,272	693,956	15,737,195	8,421,628	9,572,946	6,521,785	(6,072,043)	(5,436,124)	61,072,747	33,593,759
1,052,832	251,243	94,036	131,121	168,905	147,843	3,930	7,459	4,153,470	3,693,262	1,631,598	803,999	(1,063,253)	(691,210)	20,720,866	16,831,989
(7,424,640)	(2,600,963)	(1,620,962)	(811,376)	(917,292)	(251,778)	(172,781)	(78,736)	(5,120,268)	(1,467,111)	(7,312,859)	(2,819,756)	162,986	5,898	(39,538,267)	(14,882,770)
-	-	-	-	-	-	142,885	191,263	25,781	27,983	-	-	-	-	540,978	226,794
-	-	-	-	-	-	-	-	212,213	196,974	43,400	65,670	-	-	347,457	328,543
(394,713)	(381,570)	-	-	-	-	-	-	-	-	-	-	-	-	(394,713)	(381,570)
690,807	5,770,830	(2,428,075)	(1,699,026)	941,438	405,874	539,306	813,942	15,008,391	10,872,737	3,935,085	4,571,697	(6,972,310)	(6,121,436)	42,749,068	35,716,745
198,066	1,470,866	(42,914)	(24,267)	210,096	99,284	63,661	72,803	5,381,198	2,261,298	271,100	74,621	94,525	-	15,076,768	7,617,844
764,655	755,732	772,946	1,008,690	4,288	37,473	272,149	273,332	1,632,530	1,225,497	160,669	137,700	-	-	8,052,642	6,407,181
-	-	-	137,864	-	-	-	-	-	-	-	-	-	-	-	137,864
-	-	-	-	-	-	-	-	-	-	-	11,571	-	-	1,448	97,620
60,593	50,196	10,883	11,598	9,295	9,591	11,732	11,883	51,190	74,053	23,081	9,357	-	-	317,937	259,642
80,835,563	91,027,565	19,493,769	18,662,105	8,334,439	8,217,687	6,216,243	5,935,524	70,267,255	67,929,342	81,560,625	77,950,337	(54,480,937)	(53,006,012)	409,377,600	400,911,415
-	-	-	-	525,000	525,000	665,769	522,885	57,917	38,081	1,504,863	1,504,863	-	-	3,364,373	2,164,377
914,249	843,561	679,384	292,099	23,965	63,837	1,123	9,116	3,673,236	3,049,173	379,262	147,871	(214)	(214)	18,844,124	9,973,600
-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,655	19,131
38,755	282,538	26,384	26,171	-	-	-	-	164,910	87,414	15,474	82,101	-	-	577,509	2,650,820
9,470,684	8,342,231	2,220,294	1,792,612	363,431	367,380	87,664	113,807	3,916,999	6,101,159	9,248,098	5,618,862	-	-	31,573,389	27,568,587
14,491,800	16,690,277	9,578,310	7,638,556	280,512	583,579	637,108	711,832	9,043,609	7,680,491	13,767,512	18,580,296	-	-	59,158,207	63,540,193
-	-	-	-	-	-	-	-	633,283	538,113	10,954,441	10,954,441	-	-	14,590,830	14,052,409
661,060	399,674	689,790	648,001	17,795	19,107	6,579	2,466	3,175,122	2,174,089	1,132,985	888,357	-	-	12,602,194	7,433,449
1,126,468	1,100,815	132,165	103,068	152,165	137,697	17,106	15,832	2,404,244	2,001,208	1,786,815	1,505,177	-	-	12,845,248	11,208,145
7,755,112	20,202,323	2,258,083	1,303,762	943,543	1,207,699	250,134	163,614	16,288,581	18,978,802	8,675,850	4,165,540	(426,890)	(20,637)	66,405,057	79,256,611
874,230	(7,453,480)	183,399	(1,221,764)	164,489	(240,596)	203,630	221,519	4,295,631	14,822,812	7,988,821	1,883,540	14,910,998	(1,353,060)	56,793,678	9,536,355
(1,635,470)	(924,149)	(605,289)	229,848	(124,794)	426,500	-	1,375	(4,871,643)	(5,994,158)	402,998	1,110,263	4,999,580	736,518	(12,055,481)	(17,674,379)
1,598,150	11,757,411	391,670	944,600	(799,289)	219,385	63,603	(361,550)	(3,933,176)	(2,242,128)	(8,387,164)	(4,051,074)	(8,996,703)	(21,563,652)	(36,256,472)	(7,589,190)

## NOTES TO THE FINANCIAL STATEMENTS

### 41 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risk from financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 Market risk

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

#### Financial Risk Management Framework

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

The Group's Financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Group, to set appropriate risk limits and controls, and to monitor Financial risks and adherence to limits. Financial Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All derivative activities for risk management purposes are carried out by Group Treasury that have the appropriate skills and experience.

The Group Audit Committee oversees how management monitors compliance with the Group's financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by the Management Audit System Review Department(MASRD). MASRD undertakes both regular and ad hoc reviews of Financial risk management policies and procedures, the results of which are reported to the Group Audit Committee.

#### Credit Risk

Credit risk is the risk that a 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 from trade receivables) and from its financing activities, investments in Government Securities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### Trade and other receivables

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

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. Outstanding customer receivables are regularly monitored at the individual sector and Group Management Committee (GMC) level. Further SLECIC cover or other forms of credit insurance is obtained for most exports or in the instance this is not obtained, specific GMC approval is obtained prior to the export.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are considered as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment..

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 98.65 bn (2022 - Rs. 107.08 bn) which is recorded at Note 22 to the Financial Statements

## Investments

Credit risk from invested balances with the financial institutions are managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty depending on its credit rating. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

## Treasury bills

Singer Finance (Lanka) PLC invests not less than 7.5% of the public deposits in Treasury Bills to comply with the Central Bank of Sri Lanka Direction No. 4 of 2013.

## Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 24.17 bn at 31 March 2023 (2022 -Rs. 27.40 bn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

- People's Bank - A (lka)
- Standard Chartered Bank - AAA (lka)
- Commercial Bank of Ceylon PLC - A (lka)
- Sampath Bank PLC - A (lka)
- Nations Trust Bank PLC - A( lka)
- Pan Asia Banking Corporation PLC Bank- BBB- ( lka)
- Hatton National Bank PLC- A (lka)
- Bank of Ceylon- A(lka)
- DFCC Bank- A- (lka)
- Citibank -AAA( lka)
- Seylan Bank PLC -A-( lka)
- National Development Bank PLC - A- (lka)
- Union Bank of Colombo PLC- BBB- (lka)

Source - <http://www.fitchratings.lk>

## Liquidity Risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Group Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The liquidity requirements of business units and subsidiaries are met through central cash management by Group Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. The Group Treasury monitors the cash flows in subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the expose to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and group level by funding the long term investment with long term financial sources in terms of equity, debenture or long term loans. Short term investments and working capital are funded using short term loans. Group has been successful in arranging long term funding from overseas lenders as a measure to diversify its funding sources which enabled reducing the sole dependency on domestic market for project financing. The Group also issues debentures in domestic market as

## NOTES TO THE FINANCIAL STATEMENTS

a measure to reduce its dependency on local banking system for all its financing requirement and thereby freeing available banking lines for future projects.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by Board of Directors. Daily reports cover the liquidity position of both the Group and operating subsidiaries .

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As at 31st March 2023	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
<b>Consolidated</b>						
Interest-bearing loans and borrowings	20,762,992	50,311,818	29,469,286	51,754,570	7,396,955	159,695,621
Trade and other payables	18,301,632	32,940,427	11,697,056	3,403,089	62,853	66,405,057
Security deposit	-	-	-	-	1,468,392	1,468,392
Other financial liabilities	1,130,754	7,790,220	4,434,689	5,825,648	18,599	19,199,910
	40,195,378	91,042,465	45,601,031	60,983,307	8,946,799	246,768,980

As at 31st March 2023	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
<b>Company</b>						
Interest-bearing loans and borrowings	2,585,814	9,476,235	2,281,291	13,089,231	-	27,432,571
Trade and other payables	3,925,675	1,679	765,763	150,108	-	4,843,225
	6,511,489	9,477,914	3,047,054	13,239,339	-	32,275,796

As at 31st March 2022	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
<b>Consolidated</b>						
Interest-bearing loans and borrowings	40,766,213	46,342,135	21,285,794	57,938,927	5,601,266	171,934,335
Trade and other payables	22,958,027	46,330,929	8,886,857	1,029,087	51,711	79,256,611
Security deposit	-	-	-	-	1,462,347	1,462,347
Other financial liabilities	313,796	3,744,075	5,948,761	2,122,713	17,169	12,146,514
	64,038,036	96,417,139	36,121,412	61,090,727	7,132,493	264,799,807

As at 31st March 2022	On demand Rs.'000	Less than 3 Months Rs.'000	3 to 12 months Rs.'000	1 to 5 years Rs.'000	>5 years Rs.'000	Total Rs.'000
<b>Company</b>						
Interest-bearing loans and borrowings	3,031,945	690,546	4,671,307	18,265,278	-	26,659,076
Trade and other payables	568,590	696,696	183	3,031	-	1,268,500
	3,600,535	1,387,242	4,671,490	18,268,309	-	27,927,576

### 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 prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analyses in the following sections relate to the position as at 31 March 2023 and 2022.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. For other funding needs the Group maintains a proper mix of interest rate based on the basis of the predictability of future cash flows. Group Treasury closely monitors the interest rate fluctuations in the market and advises the sectors of the Group on a regular basis on risk mitigatory strategies. The Group hedges its exposure to interest rate risk by using Interest Rate Swaps as appropriate.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

For the year ended 31st March	Increase/ decrease in base point	Consolidated	Company
		Effect on profit before tax Rs.'000	Effect on profit before tax Rs.'000
<b>2023</b>	+ 1500	(20,575,063)	(3,888,469)
	- 1500	20,575,063	3,888,469
2022	+ 1500	(21,234,393)	(2,833,071)
	- 1500	21,234,393	2,833,071

#### Foreign currency risk

"Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are the Euro, US Dollars (USD), Bangladesh Taka, Chinese Yuan (CNY), Pound Sterling (GBP), Indonesia Rupiah and Thailand Baht.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps, forwards contracts and hedge accounting. Group Treasury closely monitors the exchange rate fluctuations and advises the sectors on a regular basis on hedging strategies and their timing.

## NOTES TO THE FINANCIAL STATEMENTS

### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar and Euro exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The Group's exposure to foreign currency changes for all other currencies is not material.

For the year ended 31st March		Increase/ decrease in base point	Consolidated		Company
			Effect on profit before tax  Rs.'000	Effect on Foreign currency translation reserve  Rs.'000	Effect on profit before tax  Rs.'000
2023	USD	+ 30%	(8,347,928)	4,360,251	-
	Euro	+ 30%	(501,685)	1,116,329	-
	USD	- 30%	8,347,928	(4,360,251)	-
	Euro	- 30%	501,685	(1,116,329)	-
2022	USD	+ 30%	(1,714,993)	4,304,319	-
	Euro	+ 30%	(106,538)	1,278,521	-
	USD	- 30%	1,714,993	(4,304,319)	-
	Euro	- 30%	106,538	(1,278,521)	-

### Commodity Risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase and manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The sectors constantly monitor the Raw material price B204 of Charcoal, Rubber, Aluminum and Yarn for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

### 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 investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the GMC. Equity price risk is not material to the financial statements.



## Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The gearing ratio at the reporting date was as follows

As at 31st March	Consolidated		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest Bearing borrowing	59,158,207	63,540,193	13,185,518	18,265,278
Current portion of Long term interest bearing borrowings	31,573,389	27,568,587	9,080,337	5,361,853
Short term interest bearing borrowings	68,964,025	80,825,555	5,166,716	3,031,945
	159,695,621	171,934,335	27,432,571	26,659,076
Equity	122,706,657	105,286,726	14,459,427	16,616,009
Equity and debts	282,402,278	277,221,061	41,891,998	43,275,085
<b>Gearing ratio</b>	57%	62%	65%	62%

The Regulatory Capital requirements for the Finance Companies are set by the Central Bank of Sri Lanka. The details of the computation of risk weighted assets, capital and the ratios of the Singer Finance PLC are given below:

### Capital Adequacy of Singer Finance PLC

Capital adequacy is a measure of financial institutions financial strength and stability. This widely accepted concept tries to specify the limit up to which a business can expand in terms of its risk - weighted assets. Finance companies in pursuit of business expansion, could engage themselves in activities that regularly change their risk profile. In light of this, regulatory capital requirements have been established to avoid undue expansion beyond specified limits keeping a hold on companies' exposure to risk. Capital serves as a comfort to absorb unexpected losses, providing a degree of security to depositors and other key stakeholders.

This measure has been introduced by the Central Bank of Sri Lanka to protect the interest of the various stakeholders of the Company while ensuring the maintenance of confidence and stability of the financial system.

The capital adequacy ratio is calculated as a percentage on company's capital to its risk weighted assets as specified by the direction No 03 of 2018 with the effect from 1st July 2018 .

Based on the Direction No. 03 of 2018 the Listed Finance Companies which are having asset base less than 100 Billion need to be have minimum Core Capital Ratio (Tier-I) of 7% and 11% based on the Total Capital Ratio (Tier-II) . This minimum requirement increased to 8.5% and 12.5% respectively with the effect from 1st July 2022.

The core capital represents the permanent shareholders', equity and reserves created or increase by appropriations of retained earnings or other surpluses and the total capital includes in addition to the core capital, the revaluation reserves, general provisions and other hybrid capital instruments and unsecured subordinated debts.

The Risk Weighted Assets have been calculated by multiplying the value of each category of asset using the risk weight specified by the Central Bank of Sri Lanka.

## NOTES TO THE FINANCIAL STATEMENTS

Details of the computation and the resulting ratios are given below:

As at 31st March	Balance		Risk-Weighted Factor	Risk-Weighted Balance	
	2023	2022		2023	2022
Total Risk-Weighted Assets Computation	Rs.'000	Rs.'000		Rs.'000	Rs.'000
<b>Assets</b>					
<b>Risk Weighted Amount for Credit Risk</b>					
Notes and Coins	254,314	124,401	0%	-	-
Cash Items in the Process of Collection	103,196	50,364	20%	20,639	10,073
Fixed Assets	1,298,311	1,090,340	1.00	1,298,311	1,090,340
Other Assets/Exposures	309,182	263,410	1.00	309,182	263,410
Investment in Government Securities	2,013,992	1,412,979	0%	-	-
<b>Claims on Banks</b>					
AAA to BBB-	3,563,383	823,323	20%	712,677	164,665
Below B-	4,012	15,203	150%	6,019	22,805
<b>Claims on Corporates</b>					
AAA to AA-	-	15,992	20%	-	3,198
Unrated	2,120	41	100%	2,120	41
Retail claims in respect of motor vehicles and machinery	8,936,390	13,372,894	100%	8,936,390	13,372,894
Outstanding claim portion up to 70% of the market value	6,380,721	3,526,049	0%	-	-
Remaining outstanding claim portion over 70% of the market value	1,192,944	97,230	100%	1,192,944	97,230
<b>Retail claims secured by immovable property</b>					
Retail claims that do not qualify for regulatory capital purposes	78,067	101,713	100%	78,067	101,713
Other retail claims	4,269,349	7,991,317	125%	5,336,686	9,989,146
<b>Non-performing retail claims secured by immovable property</b>					
Specific provisions are equal or more than 20%	-	2,972	50%	-	1,486
<b>Other Non-Performing Assets</b>					
Specific provisions are equal or more than 20%	297,823	322,042	100%	297,823	322,042
Specific provisions are less than 20%	1,271,638	40,839	150%	1,907,457	61,259
Total Risk - Weighted Assets	29,975,441	29,251,109		20,098,315	25,500,301
<b>Risk Weighted Amount for Operational Risk</b>					
Interest Income	5,081,737	4,260,976	15%	762,261	639,146
Interest Expenses	(2,758,426)	(1,916,866)	15%	(413,764)	(287,530)
Non-interest income	828,945	670,248	15%	124,342	100,537
	3,152,256	3,014,358		472,838	452,154
Risk-Weighted Amount for operational Risk under the Basic Indicator Approach				3,782,708	4,110,488
<b>Total Risk - Weighted Assets</b>	<b>33,127,698</b>	<b>32,265,467</b>		<b>23,881,022</b>	<b>29,610,789</b>
<b>Total Capital Base Computation</b>					
Stated Capital				1,996,444	1,996,444
Reserved Fund				254,564	234,112
Published Retained Earnings				2,722,160	2,544,092
Less:-					
Deferred tax				113,392	
Other Intangible Assets (net)				80,387	69,459
<b>Total Core Capital</b>				<b>4,779,389</b>	<b>4,705,189</b>
Supplementary Capital				1,333,333	1,733,333
Total Supplementary Capital				1,333,333	1,733,333
<b>Capital Base</b>				<b>6,112,722</b>	<b>6,438,522</b>

**Capital Adequacy ratio**

As at 31st March		2023	2022
		Rs. '000	Rs. '000
Core Capital Ratio	Core Capital	20.01%	15.89%
	Risk- Weighted Assets		
Total Capital Ratio	Capital Base	25.60%	21.74%
	Risk- Weighted Assets		

**Collateral**

The Group has not pledged its debtors as collateral for long term borrowings at 31 March 2023 and 2022, other than those mentioned in Note 25.11 to the Financial Statements.

# TEN YEAR SUMMARY

As at 31st March	10-Year Compound Growth (%)	2023 Rs '000	2022 Rs '000	2021 Rs '000	2020 Rs '000	2019 Rs '000	2018 Rs '000	2017 Rs '000	2016 * Rs '000	2015 * Rs '000	2014* Rs '000
<b>Results</b>											
Revenue	21%	487,430,881	338,009,580	241,275,661	210,307,003	219,181,960	163,249,467	111,383,076	92,274,683	92,561,865	80,478,609
Profit before taxation	24%	42,749,068	35,716,745	19,233,789	5,504,052	5,475,513	5,763,498	7,025,162	6,951,538	6,399,915	5,082,621
Taxation	27%	(15,076,768)	(7,617,844)	(5,187,582)	(2,609,260)	(2,725,596)	(2,491,060)	(1,976,840)	(1,756,478)	(1,513,581)	(1,373,628)
Profit after tax	23%	27,672,300	28,098,901	14,046,207	2,894,792	2,749,917	3,272,438	5,048,322	5,195,060	4,886,334	3,708,993
Non-controlling Interest	21%	(11,320,455)	(9,842,374)	(6,408,976)	(2,522,360)	(2,484,532)	(2,248,546)	(2,077,507)	(2,077,507)	(2,305,036)	(1,900,470)
Profit attributable to owners of the parent	25%	16,351,845	18,256,527	7,637,231	372,432	265,385	1,023,892	2,783,933	3,117,553	2,581,298	1,808,523
<b>Funds Employed</b>											
Stated capital***	0%	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
Employee share trust		-	-	-	-	-	-	-	-	(148,558)	(488,261)
Capital reserves	-6%	760,344	711,396	688,411	676,104	636,039	887,340	943,608	1,067,819	1,303,980	1,429,680
Other component of equity	13%	31,464,513	30,077,359	24,734,483	23,644,932	23,072,120	20,978,486	19,013,131	11,576,897	11,573,045	8,969,910
Revenue reserves	15%	45,130,447	35,026,096	20,620,432	13,808,523	14,958,752	16,208,311	19,333,998	16,875,824	14,957,837	12,236,713
Equity attributable to equity holders of the parent	13%	78,930,304	67,389,851	47,618,326	39,704,559	40,241,911	39,649,137	40,865,737	31,095,540	29,261,304	23,723,042
Non-controlling Interest	15%	43,776,353	37,896,875	27,580,255	23,151,943	21,636,556	20,158,629	17,173,230	15,817,529	15,220,068	12,614,224
Borrowings (short- and long-term)	18%	159,695,621	171,934,335	114,462,349	123,555,392	113,283,872	92,641,002	44,747,594	33,123,190	29,062,183	25,825,466
<b>Assets Employed</b>											
Non-current assets	15%	175,162,982	159,697,107	133,825,255	130,678,344	120,767,143	114,202,537	78,161,061	60,815,269	56,060,498	46,796,361
Current assets	23%	237,578,991	243,378,685	145,558,205	117,630,744	110,979,551	95,564,364	51,840,953	42,381,041	37,595,289	34,508,725
Current liabilities net of borrowings	23%	(94,571,637)	(100,957,255)	(68,627,373)	(41,644,452)	(38,474,385)	(40,159,237)	(19,010,302)	(15,187,278)	(13,019,464)	(12,520,090)
Security deposit	100%	(1,468,392)	(1,462,347)	(1,366,565)	(1,394,611)	(1,388,434)	(1,199,128)	-	-	-	-
Other non current liabilities	100%	(2,083,838)	(1,637,526)	(1,666,017)	(1,730,000)	(1,448,000)	(2,717,541)	-	-	-	-
Other non current financial liabilities	100%	(5,844,248)	(2,317,848)	(2,091,132)	(1,979,089)	(804,556)	(403,056)	-	-	-	-
Provisions	15%	(25,447,442)	(18,641,594)	(15,134,825)	(14,361,049)	(13,691,130)	(12,067,024)	(7,461,764)	(7,233,096)	(6,379,273)	(5,880,186)
Grants	1%	(924,138)	(838,161)	(836,618)	787,993	(777,850)	(772,147)	(743,387)	(739,677)	(713,495)	(742,077)
Capital Employed	19%	282,402,278	277,221,061	189,660,930	186,411,894	175,162,339	152,448,769	102,786,562	80,036,259	73,543,555	62,162,733
<b>Cash Flow</b>											
Net cash inflow/(outflow) from operating activities		56,793,678	9,536,355	32,928,432	18,848,308	1,187,067	7,451,001	7,441,702	7,863,808	8,631,365	5,553,098
Net cash inflow/(outflow) from investing activities		(12,055,481)	(17,674,379)	(4,492,620)	(8,062,517)	(5,260,764)	(18,291,318)	(11,051,489)	(7,190,966)	(6,339,994)	(3,688,499)
Net cash inflow/(outflow) from financing activities		(36,256,472)	(7,859,190)	(13,293,929)	(8,265,370)	(7,989,127)	(1,126,681)	1,311,974	(1,718,516)	(233,279)	1,480,014
Increase/(decrease) in cash and cash equivalents		8,481,725	(15,997,214)	15,141,883	2,520,421	(12,062,824)	(11,966,998)	(2,297,813)	(1,045,674)	2,058,092	3,344,613
<b>Key Indicators</b>											
Earnings per share (basic) (Rs.) ***		21.80	24.34	10.18	0.50	0.35	1.37	3.71	4.16	3.44	2.41
Dividend per share (basic) (Rs.) ***		5.35	4.00	1.30	-	0.50	0.50	0.75	0.65	0.60	0.50
Net assets per share (Rs.) ***		105.24	89.85	63.49	52.94	53.66	52.87	54.49	41.46	39.02	31.63
Market price per share (Rs.)		72.00**	76.90**	60.80**	123.60*	168.00*	200.70*	265.00*	245.70	300.00*	285.00*
% change in All Share Price Index		4.46	2.72	89.61	(17.74)	(14.20)	6.84	(0.16)	(10.97)	14.28	4.06
Return on average shareholders' funds (%)		20.72	27.09	16.04	0.94	0.66	2.58	6.81	10.03	8.82	7.62
Return on average capital employed (%)		21.63	14.85	13.80	9.04	9.76	8.94	10.58	11.08	12.54	12.08
Price earnings ratio (times)		3.30	3.12	5.97	24.89	47.48	14.70	7.14	5.91	8.72	11.82
Interest cover (times covered)		2.15	3.37	3.00	1.39	1.47	1.77	3.05	4.20	3.98	3.01
Dividend payout Ratio (%)		24.54	16.43	12.77	-	141.30	36.63	20.21	15.64	17.43	20.74

\*Market price before share split of 10 shares for every one ordinary share held.

\*\*Market price after share split of 10 shares for every one ordinary share held.

\*\*\*Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of 10 shares for every one ordinary share held.

# INDICATIVE US DOLLAR FINANCIAL STATEMENTS

## STATEMENT OF PROFIT OR LOSS FOR INFORMATION PURPOSES ONLY

For the year ended 31st March	Consolidated		Company	
	2023	2022	2023	2022
	USD '000	USD '000	USD '000	USD '000
Revenue	1,353,363	1,603,355	1,689	2,361
Cost of sales	(1,010,022)	(1,227,221)	(1,298)	(1,799)
Direct Interest Cost	(12,285)	(9,110)	-	-
<b>Gross profit</b>	<b>331,056</b>	<b>367,024</b>	<b>391</b>	<b>562</b>
Group dividend	-	-	16,375	24,408
Other income	11,883	9,476	-	62
Distribution expenses	(38,219)	(59,364)	-	-
Administrative expenses	(131,881)	(155,787)	2,003	1,222
Other expenses	(3,269)	(1,996)	(1)	(29)
<b>Results from operating activities</b>	<b>169,570</b>	<b>159,353</b>	<b>18,768</b>	<b>26,225</b>
Finance income	57,532	79,843	1,691	894
Finance cost	(109,779)	(70,597)	(14,649)	(10,528)
<b>Net finance cost</b>	<b>(52,247)</b>	<b>9,246</b>	<b>(12,958)</b>	<b>(9,634)</b>
Change in fair value of investment property	965	1,558	16	44
Share of profit of equity accounted investees (net of tax)	1,502	1,076	-	-
Value added tax on financial service	(1,096)	(1,810)	-	-
<b>Profit before tax</b>	<b>118,694</b>	<b>169,423</b>	<b>5,826</b>	<b>16,635</b>
Tax expense	(41,861)	(36,135)	(547)	664
Profit for the year	76,833	133,288	5,279	17,299
Profit for the period attributable to:				
Owners of the parent	45,401	86,601	5,279	17,299
Non-controlling interest	31,432	46,687	-	-
<b>Profit for the year</b>	<b>76,833</b>	<b>133,288</b>	<b>5,279</b>	<b>17,299</b>
Average exchange rate	360.16	210.81	360.16	210.81

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

# INDICATIVE US DOLLAR FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION FOR INFORMATION PURPOSE ONLY

As at 31st March	Consolidated		Company	
	2023 USD '000	2022 USD '000	2023 USD '000	2022 USD '000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant & equipment	383,912	378,358	617	341
Right of use assets	37,053	38,755	388	652
Investment Properties	5,922	8,851	288	302
Biological assets	3,991	2,038	-	-
Intangible assets	49,775	52,893	198	253
Investments in subsidiaries	-	-	120,458	132,382
Investments in equity accounted investees	10,226	7,365	4,574	5,121
Other non-current financial assets	2,861	310	151	194
Non-current trade and other receivables	25,408	41,962	-	-
Other non-current assets	2,892	3,345	-	-
Deferred tax assets	10,370	9,540	209	50
Amounts due from subsidiaries	-	-	-	2,076
<b>Total non-current assets</b>	<b>532,410</b>	<b>543,417</b>	<b>126,883</b>	<b>141,371</b>
<b>Current assets</b>				
Inventories	265,965	280,384	111	25
Amounts due from subsidiaries	-	-	12,961	13,264
Amounts due from equity accounted investees	485	486	3	4
Trade and other receivables	299,853	364,381	111	112
Other current assets	16,742	14,222	171	107
Income tax recoverable	2,870	2,851	-	234
Other current financial assets	2,600	4,765	45	26
Short term deposits	60,123	67,811	4,526	866
Cash and cash equivalents	73,486	93,269	3,478	2,374
Assets classified as held for sale	-	-	-	-
<b>Total current assets</b>	<b>722,125</b>	<b>828,170</b>	<b>21,406</b>	<b>17,012</b>
<b>Total assets</b>	<b>1,254,535</b>	<b>1,371,587</b>	<b>148,289</b>	<b>158,383</b>
<b>Equity and Liabilities</b>				
Stated capital	20,314	20,314	20,314	20,314
Capital reserves	2,311	2,421	40	45
Other components of equity	80,109	87,390	(15,526)	(14,954)
Revenue reserves	137,175	119,187	39,122	51,137
Total equity attributable to equity holders of the company	239,909	229,312	43,950	56,542
Non-controlling interest	133,059	128,956	-	-
<b>Total equity</b>	<b>372,968</b>	<b>358,268</b>	<b>43,950</b>	<b>56,542</b>

As at 31st March	Consolidated		Company	
	2023 USD '000	2022 USD '000	2023 USD '000	2022 USD '000
<b>Non-current liabilities</b>				
Interest-bearing borrowings	179,812	216,215	40,078	62,153
Grants	2,809	2,852	-	-
Deferred tax liability	38,305	25,295	-	-
Security deposit	4,463	4,976	-	-
Other non current Liabilities	6,334	5,572	-	-
Other non current financial liabilities	17,764	7,887	-	-
Employee benefit obligations	39,043	38,139	4,742	4,418
<b>Total non-current liabilities</b>	<b>288,530</b>	<b>300,936</b>	<b>44,820</b>	<b>66,571</b>
<b>Current liabilities</b>				
Trade and other payables	201,839	269,695	14,721	4,316
Other current liabilities	23,756	26,289	205	101
Deferred revenue	2,901	2,106	-	-
Other current financial liabilities	40,595	33,445	-	-
Amounts due to subsidiaries	-	-	929	2,289
Amounts due to equity accounted investees	1	1	1	1
Income tax payable	18,360	12,002	359	-
Current portion of long term interest-bearing borrowings	95,968	93,811	27,600	18,245
Short-term interest-bearing borrowings	209,617	275,034	15,703	10,318
<b>Total current liabilities</b>	<b>593,037</b>	<b>712,383</b>	<b>59,519</b>	<b>35,270</b>
<b>Total liabilities</b>	<b>881,567</b>	<b>1,013,319</b>	<b>104,339</b>	<b>101,841</b>
<b>Total equity and liabilities</b>	<b>1,254,535</b>	<b>1,371,587</b>	<b>148,289</b>	<b>158,383</b>
Closing exchange rate	329.00	293.88	329.00	293.88

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

# STATEMENT OF PROFIT OR LOSS - HORIZONTAL ANALYSIS

For the year ended 31st March	Consolidated									
	2023		2022		2021		2020		2019	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Revenue	487,430,881	44%	338,009,580	40%	241,275,661	15%	210,307,003	(4%)	219,181,960	34%
Cost of sales	(363,772,324)	41%	(258,715,354)	45%	(178,244,709)	13%	(158,324,525)	(6%)	(168,941,516)	33%
Direct interest cost	(4,424,524)	130%	(1,920,345)	3%	(1,872,405)	2%	(1,829,082)	45%	(1,265,014)	122%
<b>Gross profit</b>	<b>119,234,033</b>	<b>54%</b>	<b>77,373,881</b>	<b>27%</b>	<b>61,158,547</b>	<b>22%</b>	<b>50,153,396</b>	<b>2%</b>	<b>48,975,430</b>	<b>37%</b>
Other income	4,279,601	114%	1,997,601	36%	1,467,771	(12%)	1,672,923	(33%)	2,495,977	174%
Distribution expenses	(13,764,885)	10%	(12,514,847)	14%	(10,949,210)	2%	(10,687,848)	8%	(9,889,236)	36%
Administrative expenses	(47,498,694)	45%	(32,842,133)	28%	(25,561,250)	5%	(24,247,578)	(4%)	(25,188,277)	40%
Other expenses	(1,177,308)	180%	(420,743)	160%	(162,060)	(61%)	(418,013)	3%	(404,613)	157%
<b>Results from operating activities</b>	<b>61,072,747</b>	<b>82%</b>	<b>33,593,759</b>	<b>29%</b>	<b>25,953,798</b>	<b>58%</b>	<b>16,472,880</b>	<b>3%</b>	<b>15,989,281</b>	<b>40%</b>
Finance income	20,720,866	23%	16,831,989	430%	3,175,954	56%	2,038,444	(21%)	2,565,712	132%
Finance cost	(39,538,267)	(366%)	(14,882,770)	48%	(10,051,725)	(23%)	(13,047,348)	0%	(13,077,319)	86%
Net finance cost	(18,817,401)	(1065%)	1,949,219	(128%)	(6,875,771)	(38%)	(11,008,904)	5%	(10,511,607)	77%
Change in fair value of investment properties	347,457	6%	328,543	68%	195,638	125%	86,882	(24%)	113,899	(38%)
Share of profit of equity accounted investees (net of tax)	540,978	139%	226,794	(10%)	252,611	(4%)	264,061	50%	176,096	(23%)
Value added tax on financial services	(394,713)	3%	(381,570)	30%	(292,487)	(6%)	(310,867)	6%	(292,156)	145%
Profit before tax	42,749,068	20%	35,716,745	86%	19,233,789	249%	5,504,052	1%	5,475,513	(5%)
Tax expense	(15,076,768)	98%	(7,617,844)	47%	(5,187,582)	99%	(2,609,260)	(4%)	(2,725,596)	9%
<b>Profit for the year</b>	<b>27,672,300</b>	<b>(2%)</b>	<b>28,098,901</b>	<b>100%</b>	<b>14,046,207</b>	<b>385%</b>	<b>2,894,792</b>	<b>5%</b>	<b>2,749,917</b>	<b>(16%)</b>



# STATEMENT OF PROFIT OR LOSS - VERTICAL ANALYSIS

For the year ended 31st March	Consolidated									
	2023		2022		2021		2020		2019	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
Revenue	487,430,881	100%	338,009,580	100%	241,275,661	100%	210,307,003	100%	219,181,960	100%
Cost of sales	(363,772,324)	(75%)	(258,715,354)	(77%)	(178,244,709)	(74%)	(158,324,525)	(75%)	(168,941,516)	(77%)
Direct interest cost	(4,424,524)	(1%)	(1,920,345)	(1%)	(1,872,405)	(1%)	(1,829,082)	(1%)	(1,265,014)	(1%)
<b>Gross profit</b>	<b>119,234,033</b>	<b>24%</b>	<b>77,373,881</b>	<b>23%</b>	<b>61,158,547</b>	<b>25%</b>	<b>50,153,396</b>	<b>24%</b>	<b>48,975,430</b>	<b>22%</b>
Other income	4,279,601	1%	1,997,601	1%	1,467,771	1%	1,672,923	1%	2,495,977	1%
Distribution expenses	(13,764,885)	(3%)	(12,514,847)	(4%)	(10,949,210)	(5%)	(10,687,848)	(5%)	(9,889,236)	(5%)
Administrative expenses	(47,498,694)	(10%)	(32,842,133)	(10%)	(25,561,250)	(11%)	(24,247,578)	(12%)	(25,188,277)	(11%)
Other expenses	(1,177,308)	0%	(420,743)	0%	(162,060)	0%	(418,013)	0%	(404,613)	0%
<b>Results from operating activities</b>	<b>61,072,747</b>	<b>13%</b>	<b>33,593,759</b>	<b>10%</b>	<b>25,953,798</b>	<b>11%</b>	<b>16,472,880</b>	<b>8%</b>	<b>15,989,281</b>	<b>7%</b>
Finance income	20,720,866	4%	16,831,989	5%	3,175,954	1%	2,038,444	1%	2,565,712	1%
Finance cost	(39,538,267)	8%	(14,882,770)	(4%)	(10,051,725)	(4%)	(13,047,348)	(6%)	(13,077,319)	(6%)
Net finance cost	(18,817,401)	(4%)	1,949,219	1%	(6,875,771)	(3%)	(11,008,904)	(5%)	(10,511,607)	(5%)
Change in fair value of investment properties	347,457	0%	328,543	0%	195,638	0%	86,882	0%	113,899	0%
Share of profit of equity accounted investees (net of tax)	540,978	0%	226,794	0%	252,611	0%	264,061	0%	176,096	0%
Value added tax on financial services	(394,713)	0%	(381,570)	0%	(292,487)	0%	(310,867)	0%	(292,156)	0%
<b>Profit before tax</b>	<b>42,749,068</b>	<b>9%</b>	<b>35,716,745</b>	<b>11%</b>	<b>19,233,789</b>	<b>8%</b>	<b>5,504,052</b>	<b>3%</b>	<b>5,475,513</b>	<b>2%</b>
Tax expense	(15,076,768)	(3%)	(7,617,844)	(2%)	(5,187,582)	(2%)	(2,609,260)	(1%)	(2,725,596)	(1%)
<b>Profit for the year</b>	<b>27,672,300</b>	<b>6%</b>	<b>28,098,901</b>	<b>8%</b>	<b>14,046,207</b>	<b>6%</b>	<b>2,894,792</b>	<b>1%</b>	<b>2,749,917</b>	<b>1%</b>

# STATEMENT OF FINANCIAL POSITION - HORIZONTAL ANALYSIS

For the year ended 31st March	Consolidated									
	2023		2022		2021		2020		2019	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Assets</b>										
<b>Non-current assets</b>										
Property, plant & equipment	126,306,985	14%	111,189,851	24%	89,685,742	1%	88,485,496	2%	86,885,736	3%
Right-of-use assets	12,190,393	7%	11,389,087	15%	9,934,309	3%	9,613,729	-	-	-
Investment properties	1,948,326	(25%)	2,601,101	(8%)	2,824,180	4%	2,719,260	36%	2,006,528	3%
Biological assets	1,313,069	119%	599,064	13%	530,543	5%	505,240	12%	449,926	11%
Intangible assets	16,376,051	5%	15,544,031	17%	13,272,669	0%	13,293,849	(6%)	14,174,114	0%
Investments in equity accounted investees	3,364,373	55%	2,164,377	3%	2,097,766	(1%)	2,113,980	7%	1,967,409	133%
Other non-current financial assets	941,292	932%	91,199	(63%)	248,805	(1%)	252,027	(3%)	259,195	(11%)
Non-current trade and other receivables	8,359,072	(32%)	12,331,710	4%	11,912,418	5%	11,333,929	(2%)	11,611,815	24%
Other non-current assets	951,608	(3%)	983,043	(2%)	1,007,322	(10%)	1,119,034	(55%)	2,486,134	2%
Deferred tax assets	3,411,813	22%	2,803,644	21%	2,311,501	86%	1,241,800	34%	926,286	13%
<b>Total non-current assets</b>	<b>175,162,982</b>	<b>10%</b>	<b>159,697,107</b>	<b>19%</b>	<b>133,825,255</b>	<b>2%</b>	<b>130,678,344</b>	<b>8%</b>	<b>120,767,143</b>	<b>6%</b>
<b>Current assets</b>										
Inventories	87,502,323	6%	82,397,947	55%	53,100,096	26%	42,225,729	6%	39,742,514	21%
Amounts due from equity accounted investees	159,463	12%	142,891	(55%)	318,905	112%	150,137	46%	102,677	(15%)
Trade and other receivables	98,651,672	(8%)	107,082,528	59%	67,226,195	14%	59,115,893	7%	55,138,266	14%
Other current assets	5,508,223	32%	4,179,463	44%	2,893,143	25%	2,318,473	0%	2,319,599	(12%)
Income tax recoverable	944,281	13%	837,838	10%	764,443	(49%)	1,497,885	93%	777,540	44%
Other current financial assets	855,239	(39%)	1,400,423	202%	463,524	12%	412,536	119%	187,948	17%
Short term deposits	19,780,454	(1%)	19,927,939	153%	7,876,500	125%	3,495,891	(5%)	3,684,941	1%
Cash in hand and at bank	24,177,336	(12%)	27,409,656	112%	12,912,378	54%	8,411,179	(6%)	8,971,145	20%
Assets classified as held for sale	-		-	(100%)	3,021	0%	3,021	(94%)	54,921	1718%
<b>Total current assets</b>	<b>237,578,991</b>	<b>(2%)</b>	<b>243,378,685</b>	<b>67%</b>	<b>145,558,205</b>	<b>24%</b>	<b>117,630,744</b>	<b>6%</b>	<b>110,979,551</b>	<b>16%</b>
<b>Total assets</b>	<b>412,741,973</b>	<b>2%</b>	<b>403,075,792</b>	<b>44%</b>	<b>279,383,460</b>	<b>13%</b>	<b>248,309,088</b>	<b>7%</b>	<b>231,746,694</b>	<b>10%</b>
<b>Equity and liabilities</b>										
Stated capital	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%	1,575,000	0%
Capital reserves	760,344	7%	711,396	3%	688,411	2%	676,104	6%	636,039	(28%)
Other components of equity	31,464,513	5%	30,077,359	22%	24,734,483	5%	23,644,932	2%	23,072,120	10%
Revenue reserves	45,130,447	29%	35,026,096	70%	20,620,432	49%	13,808,523	(8%)	14,958,752	(8%)
Total equity attributable to equity holders of the company	78,930,304	17%	67,389,851	42%	47,618,326	20%	39,704,559	(1%)	40,241,911	1%
Non-controlling interest	43,776,353	16%	37,896,875	37%	27,580,255	19%	23,151,943	7%	21,636,556	7%
<b>Total equity</b>	<b>122,706,657</b>	<b>17%</b>	<b>105,286,726</b>	<b>40%</b>	<b>75,198,581</b>	<b>20%</b>	<b>62,856,502</b>	<b>2%</b>	<b>61,878,467</b>	<b>3%</b>

For the year ended 31st March	Consolidated									
	2023		2022		2021		2020		2019	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Non-current liabilities</b>										
Interest-bearing borrowings	59,158,207	(7%)	63,540,193	23%	51,503,754	(1%)	52,239,814	32%	39,661,994	15%
Grants	924,138	10%	838,161	0%	836,618	6%	787,993	1%	777,850	1%
Deferred tax liabilities	12,602,194	70%	7,433,449	39%	5,357,821	5%	5,120,949	(1%)	5,191,022	10%
Security deposits	1,468,392	0%	1,462,347	7%	1,366,565	(2%)	1,394,611	0%	1,388,434	16%
Other non-current liabilities	2,083,838	27%	1,637,526	(2%)	1,666,017	(4%)	1,730,000	19%	1,448,000	(47%)
Other non-current financial liabilities	5,844,248	152%	2,317,848	11%	2,091,132	6%	1,979,089	146%	804,556	100%
Employee benefit obligations	12,845,248	15%	11,208,145	15%	9,777,004	6%	9,240,100	9%	8,500,108	16%
<b>Total non-current liabilities</b>	<b>94,926,265</b>	<b>7%</b>	<b>88,437,669</b>	<b>22%</b>	<b>72,598,911</b>	<b>0%</b>	<b>72,492,556</b>	<b>25%</b>	<b>57,771,964</b>	<b>12%</b>
<b>Current liabilities</b>										
Trade and other payables	66,405,057	(16%)	79,256,611	50%	52,983,547	65%	32,019,839	12%	28,540,236	(1%)
Other current liabilities	7,815,736	1%	7,725,691	98%	3,897,687	13%	3,447,003	(7%)	3,690,060	(8%)
Deferred revenue	954,310	54%	618,787	26%	492,080	28%	383,218	40%	273,972	11%
Other current financial liabilities	13,355,662	36%	9,828,666	17%	8,374,066	66%	5,035,956	(3%)	5,196,568	(20%)
Amounts due to equity accounted investees	456	42%	322	(96%)	8,036	155%	3,152	(31%)	4,557	-
Income tax payable	6,040,416	71%	3,527,178	23%	2,871,625	280%	754,952	(2%)	768,660	27%
Current portion of long term interest-bearing borrowings	31,573,389	15%	27,568,587	12%	24,677,856	(8%)	26,774,764	4%	25,811,627	8%
Short-term interest-bearing borrowings	68,964,025	(15%)	80,825,555	111%	38,280,739	(14%)	44,540,814	(7%)	47,810,251	40%
Liabilities directly associated with assets classified as held for sale	-	-	-	(100%)	332	0%	332	0%	332	0%
<b>Total current liabilities</b>	<b>195,109,051</b>	<b>(7%)</b>	<b>209,351,397</b>	<b>59%</b>	<b>131,585,968</b>	<b>16%</b>	<b>112,960,030</b>	<b>1%</b>	<b>112,096,263</b>	<b>14%</b>
<b>Total liabilities</b>	<b>290,035,316</b>	<b>(3%)</b>	<b>297,789,066</b>	<b>46%</b>	<b>204,184,879</b>	<b>10%</b>	<b>185,452,586</b>	<b>9%</b>	<b>169,868,227</b>	<b>13%</b>
<b>Total equity and liabilities</b>	<b>412,741,973</b>	<b>(2%)</b>	<b>403,075,792</b>	<b>44%</b>	<b>279,383,460</b>	<b>13%</b>	<b>248,309,088</b>	<b>7%</b>	<b>231,746,694</b>	<b>10%</b>

# STATEMENT OF FINANCIAL POSITION - VERTICAL ANALYSIS

For the year ended 31st March	Consolidated									
	2023		2022		2021		2020		2019	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Assets</b>										
<b>Non-current assets</b>										
Property, plant & equipment	126,306,985	31%	111,189,851	28%	89,685,742	32%	88,485,496	36%	86,885,736	37%
Right-of-use assets	12,190,393	3%	11,389,087	3%	9,934,309	4%	9,613,729	4%	-	0%
Investment properties	1,948,326	0%	2,601,101	1%	2,824,180	1%	2,719,260	1%	2,006,528	1%
Biological assets	1,313,069	0%	599,064	0%	530,543	0%	505,240	0%	449,926	0%
Intangible assets	16,376,051	4%	15,544,031	4%	13,272,669	5%	13,293,849	5%	14,174,114	6%
Investments in subsidiaries	-	0%	-	0%	-	0%	-	0%	-	0%
Investments in equity accounted investees	3,364,373	1%	2,164,377	1%	2,097,766	1%	2,113,980	1%	1,967,409	1%
Other non-current financial assets	941,292	0%	91,199	0%	248,805	0%	252,027	0%	259,195	0%
Non-current trade and other receivables	8,359,072	2%	12,331,710	3%	11,912,418	4%	11,333,929	5%	11,611,815	5%
Other non-current assets	951,608	0%	983,043	0%	1,007,322	0%	1,119,034	0%	2,486,134	1%
Deferred tax assets	3,411,813	1%	2,803,644	1%	2,311,501	1%	1,241,800	1%	926,286	0%
<b>Total non-current assets</b>	<b>175,162,982</b>	<b>42%</b>	<b>159,697,107</b>	<b>40%</b>	<b>133,825,255</b>	<b>48%</b>	<b>130,678,344</b>	<b>53%</b>	<b>120,767,143</b>	<b>52%</b>
<b>Current assets</b>										
Inventories	87,502,323	21%	82,397,947	20%	53,100,096	19%	42,225,729	17%	39,742,514	17%
Amounts due from equity accounted investees	159,463	0%	142,891	0%	318,905	0%	150,137	0%	102,677	0%
Trade and other receivables	98,651,672	24%	107,082,528	27%	67,226,195	24%	59,115,893	24%	55,138,266	24%
Other current assets	5,508,223	1%	4,179,463	1%	2,893,143	1%	2,318,473	1%	2,319,599	1%
Income tax recoverable	944,281	0%	837,838	0%	764,443	0%	1,497,885	1%	777,540	0%
Other current financial assets	855,239	0%	1,400,423	0%	463,524	0%	412,536	0%	187,948	0%
Short term deposits	19,780,454	5%	19,927,939	5%	7,876,500	3%	3,495,891	1%	3,684,941	2%
Cash in hand and at bank	24,177,336	6%	27,409,656	7%	12,912,378	5%	8,411,179	3%	8,971,145	4%
Assets classified as held for sale	-	0%	-	0%	3,021	0%	3,021	0%	54,921	0%
<b>Total current assets</b>	<b>237,578,991</b>	<b>58%</b>	<b>243,378,685</b>	<b>60%</b>	<b>145,558,205</b>	<b>52%</b>	<b>117,630,744</b>	<b>47%</b>	<b>110,979,551</b>	<b>48%</b>
<b>Total assets</b>	<b>412,741,973</b>	<b>100%</b>	<b>403,075,792</b>	<b>100%</b>	<b>279,383,460</b>	<b>100%</b>	<b>248,309,088</b>	<b>100%</b>	<b>231,746,694</b>	<b>100%</b>
<b>Equity and liabilities</b>										
Stated capital	1,575,000	0%	1,575,000	0%	1,575,000	1%	1,575,000	1%	1,575,000	1%
Capital reserves	760,344	0%	711,396	0%	688,411	0%	676,104	0%	636,039	0%
Other components of equity	31,464,513	8%	30,077,359	7%	24,734,483	9%	23,644,932	10%	23,072,120	10%
Revenue reserves	45,130,447	11%	35,026,096	9%	20,620,432	7%	13,808,523	6%	14,958,752	6%
Total equity attributable to equity holders of the company	78,930,304	19%	67,389,851	17%	47,618,326	17%	39,704,559	16%	40,241,911	17%
Non-controlling interest	43,776,353	11%	37,896,875	9%	27,580,255	10%	23,151,943	9%	21,636,556	9%
<b>Total equity</b>	<b>122,706,657</b>	<b>30%</b>	<b>105,286,726</b>	<b>26%</b>	<b>75,198,581</b>	<b>27%</b>	<b>62,856,502</b>	<b>25%</b>	<b>61,878,467</b>	<b>27%</b>

For the year ended 31st March	Consolidated									
	2023		2022		2021		2020		2019	
	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%	Rs.'000	%
<b>Non-current liabilities</b>										
Interest-bearing borrowings	59,158,207	14%	63,540,193	16%	51,503,754	18%	52,239,814	21%	39,661,994	17%
Grants	924,138	0%	838,161	0%	836,618	0%	787,993	0%	777,850	0%
Deferred tax liabilities	12,602,194	3%	7,433,449	2%	5,357,821	2%	5,120,949	2%	5,191,022	2%
Security deposits	1,468,392	0%	1,462,347	0%	1,366,565	0%	1,394,611	1%	1,388,434	1%
Other non-current liabilities	2,083,838	1%	1,637,526	0%	1,666,017	1%	1,730,000	1%	1,448,000	1%
Other non-current financial liabilities	5,844,248	1%	2,317,848	1%	2,091,132	1%	1,979,089	1%	804,556	0%
Employee benefit obligations	12,845,248	3%	11,208,145	3%	9,777,004	3%	9,240,100	4%	8,500,108	4%
<b>Total non-current liabilities</b>	<b>94,926,265</b>	<b>23%</b>	<b>88,437,669</b>	<b>22%</b>	<b>72,598,911</b>	<b>26%</b>	<b>72,492,556</b>	<b>29%</b>	<b>57,771,964</b>	<b>25%</b>
<b>Current liabilities</b>										
Trade and other payables	66,405,057	16%	79,256,611	20%	52,983,547	19%	32,019,839	13%	28,540,236	12%
Other current liabilities	7,815,736	2%	7,725,691	2%	3,897,687	1%	3,447,003	1%	3,690,060	2%
Deferred revenue	954,310	0%	618,787	0%	492,080	0%	383,218	0%	273,972	0%
Other current financial liabilities	13,355,662	3%	9,828,666	2%	8,374,066	3%	5,035,956	2%	5,196,568	2%
Amounts due to equity accounted investees	456	0%	322	0%	8,036	0%	3,152	0%	4,557	0%
Income tax payable	6,040,416	1%	3,527,178	1%	2,871,625	1%	754,952	0%	768,660	0%
Current portion of long term interest-bearing borrowings	31,573,389	8%	27,568,587	7%	24,677,856	9%	26,774,764	11%	25,811,627	11%
Short-term interest-bearing borrowings	68,964,025	17%	80,825,555	20%	38,280,739	14%	44,540,814	18%	47,810,251	21%
Liabilities directly associated with assets classified as held for sale	-	0%	-	0%	332	0%	332	0%	332	0%
<b>Total current liabilities</b>	<b>195,109,051</b>	<b>47%</b>	<b>209,351,397</b>	<b>52%</b>	<b>131,585,968</b>	<b>47%</b>	<b>112,960,030</b>	<b>45%</b>	<b>112,096,263</b>	<b>48%</b>
<b>Total liabilities</b>	<b>290,035,316</b>	<b>70%</b>	<b>297,789,066</b>	<b>74%</b>	<b>204,184,879</b>	<b>73%</b>	<b>185,452,586</b>	<b>75%</b>	<b>169,868,227</b>	<b>73%</b>
<b>Total equity and liabilities</b>	<b>412,741,973</b>	<b>100%</b>	<b>403,075,792</b>	<b>100%</b>	<b>279,383,460</b>	<b>100%</b>	<b>248,309,088</b>	<b>100%</b>	<b>231,746,694</b>	<b>100%</b>

## VALUE OF REAL ESTATE

As at 31st March 2023

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. Mn 2023
<b>Eco Solutions</b>						
Hayleys Fibre PLC	Kuliyapitiya	"Biginhill Estate", Karagahagedara, Kuliyapitiya	2.88	47,389	15	32
	Mahagama	Siri Sumangala Mawatha, Mahagama North, Chilaw	3.00	20,200	2	15
	Mahagama	Siri Sumangala Mawatha, Mahagama North, Chilaw	4.00	45,000	7	20
Volanka (Pvt) Ltd.	Galle	No.153/1, Robosgewatta, Matara road, Magalle, Galle	1.22	32,644	8	351
	Katana	No.B 28, Divulapitiya road, Dissagewatte, Katana	14.51	305,212	29	406
Chas P. Hayley & Co. (Pvt) Ltd.	Galle	No.153, Robosgewatta, Matara road, Magalle, Galle	0.55	9,795	2	200
	Galle	No 161 "Thurnburn / stores", No.195, Bandaranayake Mawatha, Magalle, Galle	2.41	67,277	9	735
	Galle	No.193/2, 193/2A, 193/4, Bandaranayake Mawatha, Magalle, Galle	1.10	15,833	7	206
Lignocell (Pvt) Ltd.	Madampe	Sellam Pathaha, Melawagara, Madampe.	7.03	118,547	10	67
	Kuliyapitiya	"Biginhill Estate", Karagahagedera, Kuliyapitiya	4.13	47,499	7	47
Ravi Industries (Pvt) Ltd.	Ekala	252A, Kurunduwatte road, Ekala, Ja-ela.	6.19	111,227	16	544
Volanka Exports (Pvt) Ltd.	Nattandiya	Wathugahamulla, Welipannagahamulla	7.20	80,165	13	63
Rileys (Pvt) Ltd.	Ekala	131, Minuwangoda road, Ekala, Ja-ela	3.80	91,582	12	608
Toyo Cushion Lanka (pvt) Ltd.	Katana	105, Thimbirigaskatuwa, Katana	3.37	40,000	15	148
<b>Hand Protection</b>						
Dipped Products PLC	Kottawa	Brahmanagama, Kottawa	10.67	149,544	22	295
Dipped Products (Thailand) Limited	Khuan Niang	82/2 MOO9, Tumbon Rattapum, Amphur, Khuan Niang, Songkhla, Thailand 90220.	13.05	210,197	6	175
<b>Purification</b>						
Haycarb PLC	Badalgama	Katana Road, Beatrice Estate, Badalgama.	28.08	261,337	22	269
	Madampe	Kuliyapitiya road, New town, Pothuwila, Madampe	29.92	276,175	18	233
	Wewalduwa	333/25, New road Hunupitiya Wattala.	2.48	41,463	6	333
	Madampe	Kuliyapitiya road, New town, Pothuwila, Madampe	0.31	0	0	5
	Kuliyapitiya	Heenagara State, Epaladeniya	10.00	2,015	2	57
Recogen (Pvt) Ltd.	Badalgama	Katana Road, Beatrice Estate, Badalgama.	10.84	35,090	4	111

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. Mn 2023
PT Haycarb Palu Mitra	Palu City - Indonesia	Thaipa, Palu Utara, Palu, Sulawesi Tengah 94147, Indonesia	6.98	75,351	18	172
PT Mapalus Makawanua Charcoal Industry	Bitung City - Indonesia	Tanjung Merah, Bitung, Sulawesi Utara 95547, Indonesia	8.93	103,409	8	325
	Bitung City - Indonesia	Tanjung Merah, Bitung, Sulawesi Utara 95547, Indonesia	2.93	-	-	120
Shizuka Co. Ltd.	Ratchaburi Province - Thailand	190/1, Moo 1, Anghin, Paktho, Ratchaburi 70140, Thailand.	24.49	65,980	12	191
Carbokarn Co. Ltd.	Chonburi Province - Thailand	35/2, Moo 3, Nareuk, Phanat Nikhom, Chonburi-20140, Thailand	15.64	284,300	22	341
<b>Textiles</b>						
Hayleys Fabric PLC	Neboda	Narthupana Estate, Neboda	54.30	413,873	25	618
<b>Construction Materials</b>						
Alumex PLC	Makola	Pattiwila road, Sapugaskanda, Makola	6.24	118,673	11	549
	Gonawala	Maguruwila road, Gonawala	1.82	59,042	3	102
	Ekala	"Ekala Estate", Minuwangoda road, Ekala	6.30	91,442	5	554
	Makola	Pattiwila road, Sapugaskanda, Makola	1.13	34,618	2	103
<b>Plantations</b>						
Mabroc Teas ( Pvt) Ltd	Kiribathgoda	57/3, New Hunupitiya Road, kiribathgoda.	1.94	75,960	4	542
<b>Agriculture</b>						
Hayleys Agriculture Holdings Ltd.	Dambulla	Athabadiwewa, Pahalawewa, Dambulla.	4.35	5,134	2	17
	Kottawa	No. 168/D, Brahmanagama, Kottawa, Pannipitiya.	4.97	47,506	7	179
Sunfrost (Pvt) Ltd.	Alawwa	Nelumdeniya road, Alawwa Waththa Road, Alawwa	5.18	19,112	9	91
	Padiyathalawa	Bogaharawa road, Kehelulla, Padiyathalawa	6.46	1,430	2	11
Haychem BD Limited.	Mymensingh	Plot no:-B-18, B-19(part) & A-3, A-4, S-1, Mashkanda BSCIC Industrial Estate, Kotowali, Mymensingh	0.69	26,383	1	127
	Dhamrai	Plot no:-16, 15(part), BSCIC Industrial Estate, Kalampur, Dhaka	0.16	5,235	1	24
	Gobindogonj	Mouza-Madanpur, Gobingogoni	2.45	33,249	4	68
<b>Consumer &amp; Retail</b>						
Singer (Sri Lanka) PLC	Ambalantota	Main Street, Ambalantota.	0.04	1,885	1	18
	Balangoda	Ratnapura Road, Balangoda.	0.04	2,080	1	21
	Bandarawela	Main Street, Bandarawela.	0.02	2,660	1	12
	Borella	D.S.Senanayaka Mawatha, Borella.	0.03	2,310	1	70
	Chilaw	Bazaar Street, Chilaw.	0.08	4,120	1	43
	Colpetty	No 143, Galle Road, Colombo 03.	0.02	1,440	1	57
	Eheliyagoda	Ratnapuara Road, Eheliyagoda.	0.04	1,660	1	13
	Galle	Main Street, Galle.	0.02	2,250	1	16

## VALUE OF REAL ESTATE

Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. Mn 2023
	Gampaha	Colombo Road,Gampaha.	0.11	7,870	1	63
	Hikkaduwa	Galle Road,Hikkaduwa.	0.05	2,400	1	25
	Embilipitiya	Colombo Road,Pallegama,Embilipitiya.	0.03	2,070	1	18
	Kadawatha	Kandy Road, Kadawatha.	0.02	1,150	1	22
	Kandy- Mega	Sirimavo Bandaranayake Mawatha,Kandy.	0.10	12,840	1	37
	Katugastota	Madawala Road,Katugastota.	0.03	1,620	1	11
	Kiridiwella	Gampaha Road,Kirindiwella	0.05	2,940	1	20
	Kurunegala	Bodhiraja Mawatha,Kurunegala.	0.05	2,250	1	29
	Maharagama	High Level Road,Maharagama.	0.04	2,700	1	37
	Matara	Anagarika Dharmapala Mawatha,Matara.	0.06	3,520	1	40
	Middeniya	Katuwana Road,Middeniya.	0.05	2,670	1	15
	Mount Lavinia	Galle Road,Mount Lavinia.	0.05	1,900	1	38
	Mount Lavinia- Mega	Galle Road,Mount Lavinia.	0.13	12,985	1	92
	Nawalapitiya	Kotmale Road,Nawalapitiya.	0.03	2,760	1	13
	Negombo	Greens Road,Negombo.	0.04	2,040	1	25
	Nuwara-Eliya	Kandy street,Nuwara-Eliya.	0.03	1,700	1	19
	Panadura	Galle Road,Panadura.	0.04	2,940	1	19
	Piliyandala	Gonamaditta Road,Piliyandala.	7.15	118,450	9	229
	Pussellawa	Nuwaraeliya Road,Pussellawa.	0.08	3,295	1	25
	Rathnapura	Colombo road,Rathnapura.	0.04	2,750	1	20
	Tangalle	Matara Road, Tangalle.	0.03	1,285	1	14
	Trincomalee	North Coast Road,Trincomalee	0.03	3,150	1	20
	Wellawatta	Galle Road, Wellawatta.	0.03	2,700	1	55
Reality Lanka Ltd.	Ahangama	No 24A, Matara Rd, Ahangama	0.09	1,630	1	21
	Attidiya	No.190, Main Rd, Attidiya, Dehiwala	0.04	2,260	1	22
	Moratuwa	No. 17, New Galle Rd, Moratuwa	0.08	2,990	1	46
	kandy	No 129, Kotugodella Vediya, Kandy	0.06	2,900	1	48
	Galle	No 13&15, Wackwella Rd, Galle	0.08	-	-	60
	Kadawatha	Kandy Road, Kadawatha.	0.03	-	-	19
	Kalawana	No. J63A,Watapotha Road,Nivithigala,Rathnapura.	1.62	-	-	4
	Maradana	No.51/57,Brandiyawatta,Wellampitiya.	0.06	-	-	8
	Trincomalee	Nayanmarthidal, Thampalakamam, Trincomalee.	0.38	-	-	9
	Ambanpola	No.108 Yaluwewa,Ambanpola.	0.06	-	-	6
Regnis (Lanka) PLC	Ratmalana	No 52,Ferry Road, Off Borupona Road, Ratmalana.	4.41	123,320	16	492
Singer Industries (Ceylon) PLC	Ratmalana	No.02, 5th Lane Ratmalana	2.25	75,365	8	1,081
	Ratmalana	No.435 Galle Raod Ratmalana	0.31	12,440	1	302



Ownership	Location	Address	Extent (Acres)	Buildings Sq.ft	No of buildings in each location	Market Value of Land Rs. Mn 2023
<b>Leisure</b>						
Culture Club Resorts (Pvt) Ltd.	Dambulla	Kapela, Kandalama, Dambulla	1.00	-	-	6
Kandyan Resorts (Pvt) Ltd.	Kandy	Heerassagala, Kandy	11.91	126,684	10	895
<b>Industry Inputs</b>						
Hayleys Aventura (Pvt) Ltd.	Malabe	No: 59, Pothuarawa Road, Malabe	2.26	59,595	6	343
Haycolour (Pvt) Ltd.	Kalutara	Haycolour Factory, Ethanmadala, Kalutara	3.30	5,700	4	66
<b>Power &amp; Energy</b>						
Bhagya Hydro (Pvt) Ltd.	Gomala oya	Gomala Oya Mini Hydro Power Plant, Godagampola, Rathnapura	1.38	2,246	3	4
Nelwa Cascade Hydro Power (Pvt) Ltd.	Neluwa	Lower Neluwa Mini Hydro Power Plant, Tawalama, Neluwa	3.08	2,530	1	9
Hayleys Neluwa Hydro Power Pvt (Ltd).	Mawanana	Embalegedara, Neluwa	1.03	4,752	3	2
<b>Transportation &amp; Logistics</b>						
Hayleys Advantis Group	Liyanagemulla	No.710 Negombo road, Liyanagemulla, Seeduwa	0.62	8,036	1	177
	Colombo 2	No. 46/12, Sayuru Sevana, Nawam Mawatha, Colombo 2	0.24	45,980	1	672
	Kelaniya	No 408 A, Nungamugoda, Kelaniya	7.72	175,000	6	1,112
	Welisara	No. 309/18 & No. 317, Negombo road, Welisara	3.63	2,050	1	690
	Welisara	No. 309/15, Negombo road, Welisara	3.15	17,644	7	620
	Sedawatta	No. 148B, Nawalokapura, Sedawatta, Wellampitiya	2.49	11,610	1	598
	Sedawatte	No. 148/A1, Nawalokapura Sedawatte, Welampitiya	2.00	8,879	3	512
	Kotugoda	No.193, Minuwangoda road, Kotugoda	15.81	356,895	2	1,391
Unisyst Engineering PLC	Kotugoda	41B, Sasanathilaka road, Opatha, Kotugoda	2.4	35,785	3	45
<b>Others</b>						
Darley Property Holdings	Colombo	Foster Lane Colombo 10	1.56	65,240	3	4,147
World Export Centre Ltd	Colombo	Deans Rd. Colombo 10	4.48	-	-	13,475
Eastern Hotels (Pvt) Ltd	Trincomalee	Nilakarai Estate, Nilaweli, Trincomalee	23.48	600	3	845
Hayleys PLC	Bentota	Kaluwamodara, Bentota	0.28	-	-	95

## QUARTERLY ANALYSIS

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	123,641,304	70,610,764	129,931,777	79,438,158	116,350,572	92,217,650	117,507,228	95,743,008
Profit before tax	20,007,560	4,840,418	10,009,854	5,889,250	6,534,672	8,731,640	6,196,982	16,255,437
Tax expense	(3,711,611)	-1,250,008	(2,852,657)	-1,461,068	(5,709,782)	-2,104,970	(2,802,718)	(2,801,798)
Profit after tax	16,295,949	3,590,410	7,157,197	4,428,182	824,890	6,626,670	3,394,264	13,453,639
Profit attributable to owners of the parent	10,488,825	2,171,489	4,046,309	2,787,704	18,790	4,533,658	1,797,921	8,763,676
Profit attributable to non-controlling interest	5,807,124	1,418,921	3,110,888	1,640,478	806,100	2,093,012	1,596,343	4,689,963
Total comprehensive income for the year, net of tax	21,914,736	3,985,603	6,198,969	4,180,330	1,689,831	6,363,436	-41,689	22,331,335
Non Current Assets	167,816,952	139,331,253	168,576,491	140,820,203	170,548,707	144,133,999	175,162,982	159,697,107
Current Assets	296,646,828	172,239,808	279,366,094	188,723,225	267,930,215	194,642,542	237,578,991	243,378,685
Non current liabilities	93,064,226	79,670,301	85,819,409	83,538,480	90,314,810	83,043,500	94,926,265	88,437,669
Current liabilities	247,295,302	153,155,859	235,351,910	164,123,455	220,925,101	168,659,724	195,109,051	209,351,397

	Quarter 01		Quarter 02		Quarter 03		Quarter 04	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Market Value of Shares</b>								
Closing share price	64.00	74.90	97.00	107.50	68.00	130	72.00	76.90
Basic earnings per share	13.99	2.90	5.40	3.72	0.03	6.04	2.40	11.68
Diluted earnings per share	13.99	2.90	5.40	3.72	0.03	6.04	2.40	11.68
Highest price recorded for the three months ending	80.00	85.40	125.00	124.75	99.80	138.00	82.50	151.50
Lowest price recorded for the three months ending	50.00	61.10	59.00	73.80	63.80	94.50	63.50	74.00
Market capitalisation (Rs. Mn.)	48,000	56,175	72,750	80,625	51,000	97,500	53,925	57,000
<b>Share Trading Information</b>								
No. of transactions	15,590	32,083	19,230	50,179	36,304	44,520	22,987	43,523
No. of shares traded	19,519,228	75,939,911	26,974,199	138,565,462	33,305,134	94,645,481	40,660,995	56,064,860
Value of shares traded (Rs)	1,339,480,073	5,866,989,522	2,997,529,546	13,725,089,804	2,403,088,864	11,101,621,901	3,069,669,959	6,877,765,104

# SHARE INFORMATION

No. of shareholders as at 31st March 2023 -16,392 (as at 31st March 2022 - 14,357)

No. of shares held	Residents			Non Residents			Total		
	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%	No.of Shareholders	No.of Shares	%
1 - 1,000	8,831	2,953,199	0.39	42	18,200	0.01	8,873	2,971,399	0.40
1,001 - 10,000	5,312	19,588,657	2.61	55	270,777	0.04	5,367	19,859,434	2.65
10,001 - 100,000	1,764	48,995,340	6.53	45	1,955,927	0.26	1,809	50,951,267	6.79
100,001 - 1,000,000	266	77,505,143	10.33	34	6,640,266	0.89	300	84,145,409	11.22
OVER 1,000,000	38	575,097,911	76.68	5	16,974,580	2.26	43	592,072,491	78.94
	16,211	724,140,250	96.54	181	25,859,750	3.46	16,392	750,000,000	100.00
<b>CATEGORY</b>									
Individuals	15,406	633,834,070	84.51	163	18,805,260	2.51	15,569	652,639,330	87.02
Institutions	805	90,306,180	12.04	18	7,054,490	0.94	823	97,360,670	12.98
	16,211	724,140,250	96.55	181	25,859,750	3.45	16,392	750,000,000	100.00

## FIRST TWENTY SHAREHOLDERS AS AT 31.03.2023

Name of the Shareholder		No.of Shares as at 31.03.2023	%	No.of Shares as at 31.03.2022	%
1	Mr.K.D.D.Perera	382,596,970	51.01	382,596,970	51.01
2	Trustees of the D.S.Jayasundera Trust	86,980,170	11.60	86,980,170	11.60
3	McLarens Holdings Ltd	12,027,045	1.60	10,084,743	1.34
4	Hayleys Group Services (Pvt) Ltd No.02 A/C	11,170,900	1.49	11,170,900	1.49
5	Mrs.R.N.Ponnambalam	6,100,880	0.81	6,266,880	0.84
6	Mrs.R.M.Spittel	5,646,970	0.75	5,646,970	0.75
7	Seylan Bank PLC / Mr.M.N.Deen	4,881,889	0.65	4,881,889	0.65
8	Mrs.Y.M.Spittel (Deceased)	4,655,610	0.62	4,655,610	0.62
9	Mrs.S.D.Wickremasinghe	4,492,980	0.60	4,492,980	0.60
10	GF Capital Global Limited	4,454,000	0.59	2,729,000	0.36
11	Mrs.P.M Godamunne	4,434,470	0.59	4,434,470	0.59
12	Mrs.A.K.Wikramanayake	4,384,490	0.58	4,384,490	0.58
13	Mr.S.Rameshan	4,007,620	0.53	3,169,820	0.42
14	Senthilverl Holdings (Pvt) Ltd	3,988,845	0.53	-	0.00
15	Mrs.A.M.L.Johnpulle & Mr.B.J.M.Johnpulle	3,721,650	0.50	4,501,650	0.60
16	Mrs.S.R.D.Wikramanayake	3,239,320	0.43	3,214,320	0.43
17	Mrs.G.V.De Silva	2,850,830	0.38	-	0.00
18	Miss. S.H. De Silva	2,850,830	0.38	-	0.00
19	Miss.N.K.R.H.De Silva	2,834,010	0.38	2,834,010	0.38
20	Dr.D.Jayantha	2,580,000	0.34	2,580,000	0.34
	TOTAL	557,899,479	74.36	544,624,872	72.60

There were no Non-voting shares as at 31.03.2023

## SHARE INFORMATION

### There were no Non-voting shares as at 31.03.2023

Name of Director	No. of Shares as at 31.03.2023	No. of Shares as at 31.03.2022
Mr. A.M. Pandithage	1,253,570	1,253,570
Mr. S.C. Ganegoda	250,000	250,000
Mr. H.S.R. Kariyawasan	94,270	94,270
Mr. L.R.V. Waidyaratne	379,300	379,300
Ms. J. Dharmasena	210,950	210,950
Dr. H. Cabral, PC	-	-
Mr. M.H. Jamaldeen	-	-
Mr. M.Y.A. Perera	-	-
Mr. R.J. Karunarahaj	-	-
Mr. K.D.G. Gunaratne	-	-

### Market Value of Shares

The market value of ordinary shares of Hayleys PLC was as follows;

	31.03.2023 Rs.	31.03.2022 Rs.
Closing price on	72.00	76.90
Highest Price recorded for the twelve months ending	125.00	151.50
Lowest Price recorded for the twelve months ending	50.00	61.10
Highest Price recorded for the three months ending	82.50	151.50
Lowest Price recorded for the three months ending	63.50	74.00
Market capitalisation	54,000,000,000.00	57,675,000,000.00
Share Trading from 1st April to 31st March		
No. of Transactions	94,111	169,738
No. of shares traded	120,459,556	363,503,122
Value of shares traded	9,809,768,441.90	37,404,715,216.90
The public Holding Percentage	37.10%	37.09%
Total number of shareholders representing the public	16,384	14,347

Float-adjusted market capitalisation (Rs.) 20,034,000,000.00

The Company complies with option 1 of the Listing Rules 7.13.1 (a) which requires no minimum public holding percentage

**Debenture 1**

Listed, rated, senior, unsecured, redeemable, debentures,

Type A - Fixed rate at 12.50% p.a. payable semi annually redeemable on 31st July 2023

Type B - Floating rate AWPLR+1% p.a. payable semi annually redeemable on 31st July 2023

**DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.03.2023**

There were no transactions during the period.

**DEBENTURE TRADING INFORMATION FOR THE 12 MONTHS ENDED - 31.03.2023**

There were no transactions during the period.

**Debenture 2**

Listed, rated, senior, unsecured, redeemable, debentures,

Type A - Fixed coupon rate of 13% p.a. payable semi annually redeemable on 26th August 2024

Type B - Floating coupon rate of AWPLR +2% p.a. payable semi annually redeemable on 26th August 2024

**DEBENTURE TRADING INFORMATION FOR THE THREE MONTHS ENDED - 31.03.2023**

There were no transactions during the period.

**DEBENTURE TRADING INFORMATION FOR THE 12 MONTHS ENDED - 31.03.2023**

There were no transactions during the period.

## HISTORY OF DIVIDENDS AND SCRIP ISSUES

Year ended 31st March	Issue	Basis	No. of shares '000	Cum. No. of shares '000	Dividend	Dividend Rs. '000
1952	Initial Capital		20	20		
1953	First dividend			20	80%	160
1954	Rights (at Rs. 10)	1:02	10	30	55%	165
1955				30	50%	150
1956	Bonus	05:06	25	55	33%	179
1957	Bonus	03:11	15	70	38%	330
1958	Bonus	03:07	30	100	20%	200
1959				100	10%	100
1960				100	18%	180
1961	Bonus	01:02	50	150	8%	262
1962	Bonus	01:03	50	200	15%	300
1963				200	15%	300
1964	Bonus	01:04	50	250	15%	375
1965				250	20%	500
1966				250	18%	450
1967				250	15%	375
1968				250	13%	313
1969				250	15%	375
1970				250	15%	375
1971				250	15%	375
1972				250	11%	275
1973				250	11%	275
1974	Bonus	01:01	250	500	11%	275
1975				500	18%	450
1976				500	10%	442
1977				500	11%	460
1978				500	15%	584
1979	Bonus	01:02	250	750	15%	852
1980				750	16%	958
1981	Bonus	01:03	250	1,000	20%	1,863
1982	Bonus	01:04	250	1,250	21%	2,385
1983	Bonus	01:05	250	1,500	25%	3,451
1984				1,500	27%	3,774
1985				1,500	28%	3,525
1986	Bonus	01:03	500	2,000	33%	6,600
1987	Bonus	01:02	1,000	3,000	33%	9,900
1988	Bonus	01:03	1,000	4,000	33%	13,200

Year ended 31st March	Issue	Basis	No. of shares '000	Cum. No. of shares '000	Dividend	Dividend Rs. '000
1989	Bonus	01:04	1,000	5,000	33%	16,500
1990	Bonus	01:05	1,000	6,000	33%	19,800
1991	Bonus	01:04	1,500	7,500	33%	24,750
1992	Bonus	01:05	1,500	9,000	33%	29,700
1993	Bonus	01:06	1,500	10,500	30%	31,500
1994	Bonus	04:21	2,000	12,500		
	Rights (at Rs. 160)	01:05	2,500	15,000	30%	40,500
1995	Bonus	01:05	3,000	18,000	30%	54,000
1996	Bonus	01:09	2,000	20,000	30%	60,000
1997	Bonus	01:10	2,000	22,000	30%	66,000
1998	Bonus	01:11	2,000	24,000		
	Share Trust (at Rs. 210)		2,400	26,400	30%	79,200
1999	Bonus	01:06	4,400	30,800	30%	92,400
2000	Bonus	01:14	2,200	33,000	30%	99,000
2001	Rights (at Rs. 10)	01:11	3,000	36,000	35%	126,000
2002	Rights (at Rs. 15)	01:09	4,000	40,000	35%	140,000
2003	Rights (at Rs. 20)	01:08	5,000	45,000	35%	157,500
2004	Rights (at Rs. 20)	01:09	5,000	50,000	35%	175,000
2005	Rights (at Rs. 20)	01:10	5,000	55,000		
	Bonus	04:11	20000	75,000	35%	262,500
2006				75,000	35%	262,500
2007				75,000	Rs.3.50 p.s	262,500
2008				75,000	Rs.3.00 p.s	225,000
2009				75,000	Rs.3.00 p.s	225,000
2010				75,000	Rs.4.00 p.s	300,000
2011				75,000	Rs.4.00 p.s	300,000
2012				75,000	Rs.4.00 p.s	300,000
2013				75,000	Rs.4.50 p.s	337,500
2014				75,000	Rs.5.00 p.s	375,000
2015				75,000	Rs.6.00 p.s	450,000
2016				75,000	Rs.6.50 p.s	487,500
2017				75,000	Rs.7.50 p.s	562,500
2018				75,000	Rs.5.00 p.s	375,000
2019				75,000	Rs.5.00 p.s	375,000
2020				75,000	Nil	-
2021				75,000	Rs.1.30 p.s	975,000
2022				75,000	Rs.4.00 p.s	3,000,000
2023				75,000	Rs.5.35 p.s	4,012,500

# COUNTRY REPORT

<b>POPULATION (2022)</b>	22.2 Mn
<b>LAND AREA</b>	65,610 sq. km
<b>LANGUAGES</b>	Sinhalese, Tamil, and English
<b>GDP PER CAPITA (2022)</b>	USD 3,474 (CBSL)

## Background

In 2022, the economic and social instability observed in the previous year deepened, creating a turbulent and highly uncertain environment. Several factors contributed to this situation, including pandemic-induced decline in foreign exchange earnings, tax reductions overnight shift to organic agriculture, the depletion of official reserves while attempting to maintain a flawless debt repayment record and delayed exchange rate adjustments Sri Lanka also grappled with long-standing structural economic imbalances, including twin deficits in the current and fiscal accounts.

As rippling effects cascaded across all sectors, economic activity was crippled reflecting shortages in energy, prolonged power cuts and escalating social unrest. These disruptions had broad-based implications across the economy, creating logistical bottlenecks, hampering production, and operations. The hardships faced by citizens prompted a degree of social unrest, which culminated in a change in political leadership in mid-2022.

With the change in leadership, the Government implemented unprecedented and coordinated policy measures to stem further scarring from the crisis. Resultantly, the Sri Lankan economy began a challenging journey towards recovery by mid-2022. The new leadership acknowledged the importance of implementing unpopular fiscal discipline measures, laying the groundwork for stability and initiating an International Monetary Fund (IMF)-led debt restructuring process. This process aimed to address the excessive debt levels and establish a framework for sustainable economic growth and financial stability in the future.

## Political Climate & Policy Decisions

In 2023, it is expected that political equilibrium will be maintained in the country. The current government has displayed a strong determination to implement painful, yet necessary reforms, despite facing opposition and protests. A significant milestone was achieved in October 2022 when the 22nd amendment to the Constitution was passed. This amendment holds great significance for the government led by President Ranil Wickramasinghe, who assumed the position of Executive Presidency only in July 2022.

The current government, in coordination with the Central Bank Governor Dr. Nandalal Weerasinghe, has implemented coordinated policy actions since late 2022. This coordinated effort has helped the country transition to a functioning equilibrium, at least until the support from international financial institutions begins to materialise and has averted the feared outcomes of hyperinflation, a total collapse of the economy and complete disconnect from the rest of the world.

Overall, despite the challenges faced, the government's firm resolve to implement reforms, the passing of key constitutional amendments, and the coordinated policy actions taken by the government and the Central Bank have contributed to maintaining political stability in 2023.

## Social Climate

During the first half of 2022, social unrest arose as a result of hardships faced by citizens, which included extended power cuts and shortages of essential commodities, causing instability and discontent among the population. To address vulnerabilities in the power and energy sector, the government



implemented immediate measures such as revising electricity tariffs after eight years and introducing the National Fuel Pass QR Code System to optimise the distribution of the available fuel stocks.

Long-standing structural issues in crucial sectors like healthcare, law enforcement, government administration, and public transport have further weakened the country. These weaknesses have significantly impacted socio-economic conditions, exacerbating challenges for the population and leading to a decline in overall quality of life. The deterioration of these sectors has hindered the provision of essential services.

## Economic Climate

In 2022, Sri Lanka's economy experienced a significant contraction of 7.8 percent, a stark contrast to the 3.5 percent growth seen in the previous year. This contraction affected all major sectors, with the manufacturing and construction industries being hit hardest due to input shortages and disruptions in the supply chain. Acute fuel shortages, resulting from a lack of foreign exchange, had a substantial negative impact on economic activities. Supply chains were hampered,



leading to prolonged power outages, scarcity of raw materials, and increased production costs.

The economy faced additional challenges from soaring global energy prices and the depreciation of the exchange rate, which further intensified supply-side pressures. Accelerated inflation and tax hikes reduced the disposable income of households. Headline inflation, as measured by the Colombo Consumers' Price Index reached a staggering 57.2 percent in 2022, peaking at an unprecedented 69.8 percent in September. These inflationary pressures were driven by elevated global commodity prices, fiscal deficits, currency depreciation, and the restriction on chemical fertilizers in 2021, causing constraints in agricultural supply.

In response to inflationary pressures, the Central Bank sought to tighten monetary policy, implementing measures to raise policy rates by a cumulative 1,050 basis points since January 2022. The economic contraction resulted in the loss of half a million jobs in the industry and services sectors. The unemployment rate stood at 4.7 percent, and the migration of skilled workers further exacerbated labour productivity challenges. The departure of skilled workers disrupted business operations and posed additional obstacles to the economy, necessitating continuous recruitment and training efforts that consume valuable resources.

Despite the economic challenges, there were some positive developments. The trade deficit decreased from US\$ 8.1 billion in 2021 to US\$ 5.2 billion in 2022, primarily due to faster growth in textile exports compared to imports. This reduction in the trade deficit helped lower the current account deficit, even though remittances and tourism receipts experienced declines. While the Sri Lankan Rupee depreciated between March and May 2022 a managed float policy limited the full-year depreciation. . Despite mandatory repatriation and conversion rules, low market confidence made it difficult to bring export earnings and remittances to Sri Lanka through

formal channels. In March 2023, there was a sharp appreciation of the Sri Lankan rupee to LKR 330 / USD due to the unwinding of speculative dollar holdings and sluggish import demand, indicating a fluctuating foreign exchange landscape.

### **Economic Outlook**

The Sri Lankan economy is expected to record a contraction in 2023, before recording a gradual recovery in 2024 as policy interventions and measures to restore macro-economic stability come to fruition. Inflationary pressures are expected to ease during the year, reflecting moderating external pressures, normalisation of supply-side dynamics and lower disposable income following the increases in tax. As evidenced by its downward trajectory in recent months, interest rates are also expected to decline gradually in coming months reflecting easing inflation. Meanwhile, the Sri Lankan Rupee is also expected to gradually stabilise towards the latter part of 2023, given more positive market sentiments, restoration of macro-economic stability and an anticipated improvement in external sector activity.

The International Monetary Fund (IMF) has emphasised that Sri Lanka cannot sustain an economic model driven by subsidies with the central bank financing the fiscal deficit. In response, the government is in the process of enacting a new Monetary Law Act (MLA) that assigns the primary objective of achieving and maintaining domestic price stability to the central bank. The new legislation will prohibit direct monetisation of the fiscal deficit by the central bank, although secondary-market purchases will be allowed as long as they do not result in direct monetisation of the deficit.

## GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Eco Solutions	Ravi Industries Ltd	Industrial and household brushware	Sri Lanka	Sri Lanka
	Rileys (Private) Limited	Cleaning devices	Sri Lanka	Sri Lanka
	Haymat (Private) Limited	Coir fibre mats	Sri Lanka	Sri Lanka
	Creative Polymats (Private) Limited	Moulded rubber products	Sri Lanka	Sri Lanka
	Hayleys Fibre PLC	Value added coir-based products	Sri Lanka	Sri Lanka
	Bonterra Ltd	Value added coir-based products	Sri Lanka	Sri Lanka
	Ravi Marketing Services (Private) Limited	Services	Sri Lanka	Sri Lanka
	Chas P. Hayley & Company (Private) Limited	Coir and treated rubber timber products	Sri Lanka	Sri Lanka
	Volanka (Private) Limited	Investments	Sri Lanka	Sri Lanka
	Volanka Exports Ltd	Coir-based products and essential oil	Sri Lanka	Sri Lanka
	Toyo Cushion Lanka (Private) Limited	Needled and rubberised coir products	Sri Lanka	Sri Lanka
	Charles Fibres (Pvt) Ltd	Trading in coir-based products	India	India
	Hand protection	Dipped Products PLC	General purpose and speciality rubber gloves	Sri Lanka
Venigros (Private) Limited			Sri Lanka	Sri Lanka
Feltex (Private) Limited			Sri Lanka	Sri Lanka
Hanwella Rubber Products Limited			Sri Lanka	Sri Lanka
DPL Premier Gloves Limited			Sri Lanka	Sri Lanka
DPL Universal Gloves Limited			Sri Lanka	Sri Lanka
DPL International Limited			Sri Lanka	Sri Lanka
Icog quanti S.P.A			Italy	Italy
Dipped Products (Thailand) Limited			Thailand	Thailand
DPL France SAS			France	France
ROZENBAL POLSKA Sp. z. o.o		Poland	Poland	
Purification products	Haycarb PLC	Activated Carbon and Environmental Purification Solutions	Sri Lanka	Sri Lanka
	Puritas (Private) Limited		Sri Lanka	Sri Lanka
	Ultracarb (Private) Limited		Sri Lanka	Sri Lanka
	Lakdiyatha (Pvt) Ltd		Sri Lanka	Sri Lanka
	Recogen (Private) Limited		Sri Lanka	Sri Lanka
	Eurocarb Products Ltd		United Kingdom	United Kingdom
	Haycarb Holdings Australia (Pvt) Limited		Australia	Australia
	Carbokarn Company Limited		Thailand	Thailand
	CK Regen Systems Company Limited		Thailand	Thailand
	Haycarb USA, INC		USA	USA
	PT Mapalus Makawanua Charcoal Industry		Indonesia	Indonesia
	Haycarb Holdings Bitung Limited		British Virgin Islands	British Virgin Islands
	Shizuka Company Limited		Thailand	Thailand
	PT Haycarb Palu Mitra		Indonesia	Indonesia
	Puricarb Pte Ltd		Singapore	Singapore
Haycarb Activated Carbon ( Pvt) Ltd		India	India	

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
Construction material	Alumex PLC	Aluminium extrusions	Sri Lanka	Sri Lanka
Textiles	Hayleys Fabric PLC	Knitted fabric	Sri Lanka	Sri Lanka
	South Asia Textiles Limited		Sri Lanka	Sri Lanka
Plantations	DPL Plantations (Private) Limited	Plantation Management	Sri Lanka	Sri Lanka
	Hayleys Plantation Services (Private) Limited	Plantation Management	Sri Lanka	Sri Lanka
	Kelani Valley Plantations PLC	Processed tea and rubber	Sri Lanka	Sri Lanka
	Talawakele Tea Estates PLC	Processed black and green tea	Sri Lanka	Sri Lanka
	Mabroc Teas (Private) Limited	Export of bulk and retail packed tea	Sri Lanka	Sri Lanka
	Blue Mountain Tea Exports (Private) Limited	Export of bulk and retail packed tea	Sri Lanka	Sri Lanka
	Meridian Exports (Private) Limited	Export of bulk and retail packed tea	Sri Lanka	Sri Lanka
	Martin Bauer Hayleys (Private) Limited	Manufacturing instant tea and tea extract	Sri Lanka	Sri Lanka
	Kelani Valley Resorts (Private) Limited	Operating & managing Hotels and providing services.	Sri Lanka	Sri Lanka
	Hayleys Produce Marketing Limited		Sri Lanka	Sri Lanka
	Home for every Plantation worker Foundation (Guarantee) Ltd	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka
	Kalupahana Power Company (Private) Limited	Hydropower	Sri Lanka	Sri Lanka
	Horana Plantations PLC	Processed tea, rubber and palm oil	Sri Lanka	Sri Lanka
	Agriculture	Hayleys Agriculture Holdings Limited	Crop production and protection materials, agricultural equipment and animal health products	Sri Lanka
Agro Technica Limited		Agricultural machinery and equipment	Sri Lanka	Sri Lanka
Haychem (Bangladesh) Ltd		Crop protection chemicals	Bangladesh	Bangladesh
Sunfrost (Private) Limited		Fresh/processed vegetables	Sri Lanka	Sri Lanka
HJS Condiments Limited		Retailed-packed, processed vegetables	Sri Lanka	Sri Lanka
Hayleys Agro Farms (Private) Limited		Planting material	Sri Lanka	Sri Lanka
Hayleys Agro Biotech (Private) Limited		Horticultural tissue culture products	Sri Lanka	Sri Lanka
Quality Seed Company (Private) Limited		Hybrid flower seeds	Sri Lanka	Sri Lanka
Hayleys Agro Fertilizers (Private) Limited		Fertiliser	Sri Lanka	Sri Lanka
Consumer & Retail	Singer (Sri Lanka) PLC	Retail and wholesale marketing of consumer products	Sri Lanka	Sri Lanka
	Regnis (Lanka) PLC	Manufacture of Refrigerators and bottle coolers.	Sri Lanka	Sri Lanka
	Singer Industries (Ceylon) PLC	Assembly of sawing machines & manufacture cabinets and stands for sawing machines	Sri Lanka	Sri Lanka
	Singer Finance (Lanka) PLC	Finance leasing, Mobilisation of Fixed & savings deposits, Financing consumer durables under loan schemes, factoring business including invoice discounting, granting loans including Micro Loans and credit card business.	Sri Lanka	Sri Lanka

## GROUP COMPANIES

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Regnis Appliances (Private) Limited	Manufacture and assemble home appliances.	Sri Lanka	Sri Lanka
	Reality Lanka Limited	Acquire, lease, sell and develop properties and contractors for constructions.	Sri Lanka	Sri Lanka
	Singer Business School (Private) Limited	Retail training education relating to business activities.	Sri Lanka	Sri Lanka
	Hayleys Consumer Products Limited	Lighting products and solutions, photo imaging, health care and FMCG products	Sri Lanka	Sri Lanka
	Hayleys Electronics Lighting (Pvt) Ltd	Lightning products and solutions	Sri Lanka	Sri Lanka
	Hayleys Fabric Solutions Limited	Designing, manufacturing and trading furniture	Sri Lanka	Sri Lanka
	Domus Lanka (Private) Limited		Sri Lanka	Sri Lanka
Leisure	The Kingsbury PLC		Sri Lanka	Sri Lanka
	Culture Club Resorts (Private) Limited		Sri Lanka	Sri Lanka
	Kandyan Resorts (Private) Limited		Sri Lanka	Sri Lanka
	Sun Tan Beach Resorts Limited		Sri Lanka	Sri Lanka
	Hayleys Leisure PLC	Leisure	Sri Lanka	Sri Lanka
	Hayleys Hotel Management Services (Private) Limited		Sri Lanka	Sri Lanka
	C D C Conventions (Private) Limited		Sri Lanka	Sri Lanka
	Connaissance Air Travels (Pvt) Ltd		Sri Lanka	Sri Lanka
	Luxury Resorts Pvt Ltd		Maldives	Maldives
	Hayleys Tours (Private) Limited	Travel Agency and Destination Management	Sri Lanka	Sri Lanka
Industry Inputs and Power & Energy-	Hayleys Aventura (Private) Limited	Engineering and projects, power generation, pigments and industrial raw materials	Sri Lanka	Sri Lanka
	Hayleys Lifesciences (Private) Limited	Supplying health care equipment	Sri Lanka	Sri Lanka
	Haycolour (Private) Limited	Textile dyestuff and binders	Sri Lanka	Sri Lanka
	Innovative Solutions Lanka (Pvt) Ltd	Marketing of power generating equipment	Sri Lanka	Sri Lanka
	Bhagya Hydro (Private) Limited	Hydropower	Sri Lanka	Sri Lanka
	Neluwa Cascade Hydro Power (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Hydro Energy (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Aventura BD Limited		Bangladesh	Bangladesh
	TTEL Somerset Hydro Power (Private) Limited		Sri Lanka	Sri Lanka
	TTEL Hydro Power Company (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Neluwa Hydro Power (Private) Limited		Sri Lanka	Sri Lanka
	Neluwa Upper Hydro Power (Private) Limited		Sri Lanka	Sri Lanka

Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Hayleys Power Limited	Hydropower investments	Sri Lanka	Sri Lanka
	Nirmalapura Wind Power (Private) Limited	Wind power	Sri Lanka	Sri Lanka
	Joule Power (Pvt) Ltd		Sri Lanka	Sri Lanka
	Beata Power (Pvt) Ltd		Sri Lanka	Sri Lanka
	Solar One Ceylon (Private) Limited	Solar power	Sri Lanka	Sri Lanka
Transportation & Logistics & Logistics	Hayleys Advantis Limited	Shipping agency, international freight forwarding, express freight, bunkering, husbanding and port agency, ship chartering, ocean container repairing and conversion, container yard operation, inland logistics, energy logistics, warehousing and third-party logistics, marine & shipping and Airline Representation	Sri Lanka	Sri Lanka
	Advantis Ships (Pvt) Ltd		Sri Lanka	Sri Lanka
	Civaro International Limited		Sri Lanka	Sri Lanka
	Colombo Cargo Express (Private) Limited		Sri Lanka	Sri Lanka
	Advantis Freight (Private) Limited		Sri Lanka	Sri Lanka
	Clarion Shipping (Private) Limited		Sri Lanka	Sri Lanka
	CMA- CGM Lanka (Pvt) Ltd		Sri Lanka	Sri Lanka
	Ceva Logistics Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Hayleylines Limited		Sri Lanka	Sri Lanka
	MIT Global Solutions (Pvt) Ltd		Sri Lanka	Sri Lanka
	N.Y.K. Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Yusen Logistics & Kusuhara Lanka (Pvt) Ltd		Sri Lanka	Sri Lanka
	Moceti International (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Energy Services Lanka (Private) Limited		Sri Lanka	Sri Lanka
	Expelogix (Private) Limited		Sri Lanka	Sri Lanka
	Ceylon Ocean Lines Limited		Sri Lanka	Sri Lanka
	COSCO Shipping Lines Lanka (Private) Limited		Sri Lanka	Sri Lanka
	COSCO Lanka Logistics (Private) Limited		Sri Lanka	Sri Lanka
	Lanka Bunkering Services (Private) Limited		Sri Lanka	Sri Lanka
	Umi Shipping (Private) Limited		Sri Lanka	Sri Lanka
	Sri Lanka Shipping Company Limited		Sri Lanka	Sri Lanka
	Cargo Star Limited		Sri Lanka	Sri Lanka
	Logistics International Limited		Sri Lanka	Sri Lanka
	Advantis Projects & Engineering (Pvt) Ltd		Sri Lanka	Sri Lanka
	Logiwiz Limited		Sri Lanka	Sri Lanka
	Maritime Agencies (Private) Limited		Sri Lanka	Sri Lanka
	International Consumer Brands Limited		Sri Lanka	Sri Lanka
	Hayleys Free Zone Limited		Sri Lanka	Sri Lanka
	Advantis Express (Private) Limited		Sri Lanka	Sri Lanka
	Mountain Hawk (Pvt) Ltd		Sri Lanka	Sri Lanka
	Lanka Maritime Services Limited		Sri Lanka	Sri Lanka
	Star Lanka Shipping ( Pvt) Ltd		Sri Lanka	Sri Lanka
	Diamond Shipping Services (Private) Limited		Sri Lanka	Sri Lanka
Sharaf Shipping Agency (Private) Limited	Sri Lanka	Sri Lanka		
IML Delivery Systems (Private) Limited	Sri Lanka	Sri Lanka		
Intermac (Private) Limited	Sri Lanka	Sri Lanka		
Ocean Network Express Lanka (Private) Limited	Sri Lanka	Sri Lanka		

## GROUP COMPANIES


Sub sector	Company	Nature of the Business	Country of Incorporation	Country of Operations
	Hayleys Aviation And Projects (Pvt) Ltd		Sri Lanka	Sri Lanka
	Hayleys Travels (Pvt) Ltd		Sri Lanka	Sri Lanka
	Millennium Transportation (Private) Limited		Sri Lanka	Sri Lanka
	Air Global (Private) Limited		Sri Lanka	Sri Lanka
	North South Lines (Private) Limited		Sri Lanka	Sri Lanka
	Total Transport Solutions (Pvt) Ltd		Maldives	Maldives
	Nautical Maldives Private Limited		Maldives	Maldives
	Super Logistics Private Limited		Maldives	Maldives
	One world Logistics Maldives Private Limited		Maldives	Maldives
	Advantis Kushara Sedate Myanmar (Pvt) Ltd		Myanmar	Myanmar
	Logiwiz Logistics India (Pvt) Ltd		India	India
	Advantis Singapore Pte Ltd		Singapore	Singapore
	Advantis Sedate Myanmar (PVT) Ltd		Myanmar	Myanmar
	PT Advantis Akaza Indonesia		Indonesia	Indonesia
	Advatis Sabang Raya Lines Pte. Ltd		Singapore	Singapore
	Advantis Intasl Bangladesh (Pvt) Ltd		Bangladesh	Bangladesh
	S&T Interiors (Private) Limited	Interior fit out contractors	Sri Lanka	Sri Lanka
	Unisyst Engineering PLC	Aluminium fabrication	Sri Lanka	Sri Lanka
Others	Dean Foster (Private) Limited	Investments	Sri Lanka	Sri Lanka
	Hayleys Business Solutions International (Private) Limited	Business Process Outsourcing and Centralised Shared Services	Sri Lanka	Sri Lanka
	Hayleys Group Services (Private) Limited	Secretarial/Investments	Sri Lanka	Sri Lanka
	Volanka Insurance Brokers (Private) Limited	Insurance Brokering	Sri Lanka	Sri Lanka
	Darley Property Holdings (Private) Limited	Property holding and development	Sri Lanka	Sri Lanka
	Carbotels (Private) Limited	Hotel Investment	Sri Lanka	Sri Lanka
	World Export Centre Limited	Construction of "A" grade Office Space	Sri Lanka	Sri Lanka
	Eastern Hotels Limited	Leisure	Sri Lanka	Sri Lanka
	Haylex Ltd (UK)		United Kingdom	United Kingdom
	Haylex B V	Marketing	Netherlands	United Kingdom
	Haylex Japan		Japan	Japan
	Hayleys Foundation (Guarantee) Limited	Corporate Social Responsibility Projects	Sri Lanka	Sri Lanka
	Fentons Limited		Sri Lanka	Sri Lanka
	Energynet (Private) Limited		Sri Lanka	Sri Lanka
	Nex-GenAsia (Private) Limited	Solutions provider for building systems infrastructure and Solar power and information communication technology infrastructure	Sri Lanka	Sri Lanka
	Fentons Smart Facilities (Private) Limited		Sri Lanka	Sri Lanka
	Hayleys Electronics Limited		Sri Lanka	Sri Lanka
	Hayleys Electronics Manufacturing (Private) Limited		Sri Lanka	Sri Lanka
	Global Consumer Brands (Private) Limited		Sri Lanka	Sri Lanka



## AWARDS AND RECOGNITION

 <b>Overall Excellence</b>	Hayleys PLC	Was ranked number 1 on the Business Today Top 40 for FY 2021/22 Was ranked number 2 on the LMD Top 100 for FY 2021/22.
	Alumex PLC	National Gold Award and Top Ten Award at the CNCI Achiever Awards 2022
	Hayleys Fabric PLC	Recognised within the Top 10 products and Top 10 innovations for street sports at ISPO Texttrends Awards Spring/summer 2024 (Germany).
	Dipped Products PLC	The DPL Group won the Bronze Award for Industrial Excellence in the National Level Manufacturing Sector- Extra Large Category and was one of the Top 10 Award winners at the Ceylon National Chamber of Industries (CNCI) Achiever Awards 2022.
	Kelani Valley Plantations PLC	Was ranked No 1 Company in the Plantations Sector & was ranked No. 27 in the Overall Ranking for 2022 at LMD Top 100 for FY 2021/22
	Talawakelle Tea Estates PLC	Selected for LMD Top 100 Second Board. One of the winners at Asia's Best Company of the Year Awards 2022 by Berkshire Media Won several awards at the World Business Outlook Awards 2022 <ul style="list-style-type: none"> <li>• Leading Tea Plantations in Sri Lanka 2022</li> <li>• Best Quality Ceylon Tea Producer in Sri Lanka 2022</li> <li>• Best Environmental &amp; Sustainability Initiatives Sri Lanka 2022</li> </ul>
	Haycarb PLC	Merit Award and Top 10 Award - National level Manufacturing Sector - Extra large category in CNCI Achievers Awards 2022 for Industrial Excellence Winner of the Best Innovation in Marketing Award organised by Business Leader of the Year Awards 2022
	Expelogix (Pvt) Ltd	Won Top Cargo Agent Award for 2021/2022 by American Airlines Cargo
	Logistics International Ltd	Won Best Container Depot at the Imports at ICS-ACDO Awards 2022
	COSCO Shipping Lines Lanka (Pvt) Ltd	Won Best Shipping Agent for Colombo/Indian Sub-Continent Trade 2022 at ICS Awards
	Total Transport Solutions Group	Won the "Gold 100" Award for the fourth consecutive year. The event was organised by Corporate Maldives which was graced by His Excellency Vice President Faisal Naseem.
	Advantis Engineering	Gold Award - National Level Extra Large Service Category at the CNCI achiever awards 2022.
	 <b>Contribution to Exports</b>	Eco Solutions



	HJS Condiments Ltd	Won Gold Award - Processed Food Products Sector, Extra Large Category at the NCE Export Awards 2022
	Quality Seed Co. (Pvt). Ltd & Hayleys Agro Biotech (Pvt) Ltd	Won Silver Awards for Floriculture & Horticulture Products Sector - Medium Category at the NCE Export Awards 2022
	Alumex Group	Won Gold Award - Machinery & Engineering Product Sector at the NCE Export Awards 2022
	Dipped Products PLC	Won Gold Award for the Rubber and Rubber Products Sector - Extra Large Category and won special awards for Challenge Trophy in the Best Ethical Trading Exporter - Extra Large category 2022 and Highest Foreign Exchange Earner at the NCE Export Awards 2022
	Mabroc	Gold Award - Extra-large Category of Tea & Tea Products at the NCE Export Awards 2022
	Haycarb PLC	Silver Award for Coconut and Coconut Products Sector - Extra Large Category at NCE Export Awards 2022
	Advantis Freight (Pvt) Ltd	Bronze Award - Extra Large Logistic Services Sector at the Annual Export Awards-2022
	Hayleys Free Zone Ltd	Won Large category Gold Award at the NCE Export Awards 2022
 <b>Corporate Reporting</b>	Hayleys PLC	Gold Award - Overall Excellence in Corporate Reporting at the TAGS Awards 2022 organised by CASL Gold Award - category of Diversified Holdings (Group Turnover Above 50 Bn) at the TAGS Awards 2022 organised by CASL Gold Award in Best Presented Annual Report Awards - Diversified Holdings at SAFA Awards 2021
	Singer (Sri Lanka) PLC	Gold Award - Trading Companies at the TAGS Awards 2022 by CASL
	Alumex PLC	Gold Award - Manufacturing Sector category (Group Turnover Upto LKR 10 Bn) at the TAGS Awards 2022 by CASL Asia's Best Integrated Report (Category of Integrated Report -SME) - Bronze
	Fentons Limited	Silver Award - Construction Sector at the TAGS Awards 2022 by CASL
	DPL Group	Gold Award - Manufacturing Sector (Group Turnover above LKR 10 Bn) at the at the TAGS Awards 2022 by CASL Merit Award - Manufacturing Sector at SAFA BPA Award
	Regnis (Lanka) PLC	Silver Award - Manufacturing Sector (Group Turnover upto Rs 10 billion) at the TAGS Awards 2022 organised by CASL
	Haycarb PLC	Silver Award - Manufacturing Sector (Group Turnover above Rs. 10 billion) at the TAGS Awards 2022 by CASL
	Horana Plantations PLC	Bronze Award - Plantations category at the TAGS Awards 2022 by CASL
	Hayleys Fabric PLC	Silver Award - Manufacturing category online annual reports under at INOVA Awards- 2022 Bronze Award - Specialty Reports : Combined Annual & Sustainability at the INOVA Awards 2022- USA Bronze Award - Manufacturing sector (Group Turnover Above LKR 10 Bn) at the TAGS Awards 2022 by CASL

## AWARDS AND RECOGNITION

	Kelani Valley Plantations PLC	Gold Award - Plantations sector at the TAGS Awards 2022 by CASL Best Presented Annual Report Awards - Agriculture Category at the SAFA Awards 2021
	Talawakelle Tea Estates PLC	Won three Gold Awards at the Asia Integrated Reporting Awards 2022 Asia's Best Integrated Report (CEO Message) - Gold Award Asia's Best Integrated Report (Integrated Thinking) - Gold Award Asia's Best Integrated Report (Value Creation) - Gold Award Asia's Best Integrated Report (Governance category) - Silver Award Asia's Best Integrated Report (Large companies category) - Bronze Award Silver Award in Best Presented Annual Report Awards - SAFA Awards 2021 Silver Award - Plantations sector category at the TAGS Awards 2022 by CASL
	Hayleys Advantis Ltd	Gold Award - Service sector category at the TAGS Awards 2022 by CASL
	Hayleys Fibre PLC	Compliance Award - Manufacturing companies with (turnover up to Rs. 10 Bn) at the TAGS Awards 2022 by CASL
	Singer Finance PLC	Won the compliance award in the Non-Bank Financial Institutions category (Total Group Asset Above LKR 20Bn) at the TAGS Awards 2022 by CASL
 HR Practices	Kelani Valley Plantations PLC	Was awarded the Great Place to Work Certification for 2nd consecutive year Was the 2nd plantation company in Sri Lanka to be ranked amongst the 15 best work places for women GPTW Was ranked amongst the 50 best work places in Sri Lanka in best workplaces list 2022 by GPTW Ranked 30 in the best work places in Asia by GPTW Management Practices Company Awards 2022 <ul style="list-style-type: none"> <li>• Best Management Practices - Gold Award</li> <li>• Best Management Practices Excellence Award</li> </ul> Won the Most Innovative HR Practices Award at South Asian Business Excellence Awards 2022
	Talawakelle Tea Estates PLC	Was awarded the Great Place to Work Certification for 2023/24 Was the winner in Work - Life Harmony in Asia Award 2022 Community Business
	Haycarb PLC	One of the Top ten Winners in Best Management Companies - Best Management Practices Company Awards 2023
	Dipped Products PLC	Won Merit Award in Women Friendly Work Place Awards
	Singer Finance (Lanka) PLC	Recognised as one of the Best Workplaces in Sri Lanka 2022 - by GPTW Singer Finance was ranked no 58 in Best Large Workplaces in Asia Great Place to Work - Certified for 2022/2023
	Advantis Express (Pvt) Ltd	Silver Award - Small enterprise under best workplaces in Sri Lanka by GPTW 2022 Won Excellence Award in "Living the Values" by GPTW 2022 FedEx recognised as Fortune World's best workplaces in 2022 by GPTW Is awarded as top 10 logistics companies in Sri Lanka by GPTW Is awarded as one of top 50 Best Workplaces in Sri Lanka by GPTW
	Hayleys Free Zone Ltd	Is awarded as one of top 50 Best Workplaces in Sri Lanka by GPTW

 <b>Brand &amp; Quality</b>	Kelani Valley Plantations PLC	<p>Second Highest GSA in Tea Sector 2021 -Forbes &amp; Walker Tea Brokers (Pvt) Ltd</p> <p>2nd Highest GSA in Tea Sector &amp; 1st Runner up among Regional Plantation Companies (Both High Grown &amp; Low Grown)</p> <p>Won following awards at the World Black Tea Quality Evaluation Competition by China Tea Marketing Association</p> <ul style="list-style-type: none"> <li>• Pedro – OPL – Award of excellence</li> <li>• FBOP – Award of excellence</li> <li>• BOP – Award of excellence</li> <li>• Pekoe – Silver award</li> </ul>
	Talawakelle Tea Estates PLC	<p>Won Bronze Award by Somerset Estate and Merit Award by Radella Estate at the Green Productivity Awards 2022 by Sri Lanka Association for the Advancement of Quality &amp; Productivity</p> <p>Won following awards at the World Black Tea Quality Evaluation Competition by China Tea Marketing Association</p> <ul style="list-style-type: none"> <li>• Somerset – FBOP – Silver Award</li> <li>• Somerset - Sunny Blooms – Grand Gold Award</li> <li>• Dessford – Abbotsford Special Tea –Silver Award</li> <li>• Mattakelle - Golden Curls - Silver Award</li> </ul>
	Mabroc	<p>BRC certification was renewed successfully for year 2022.</p> <p>WCA Certification was obtained for Year 2022</p> <p>Renewal - Food Safety System Certification FSSC 22000</p> <p>ISO 22000 and 9001 - Surveillance audit was successfully completed for year 2022.</p>
	Logiwiz Ltd	<p>Won 10 awards at the NCPQ (National Convention of Quality &amp; Productivity Awards</p> <p>Gold Awards – 7</p> <p>Silver Awards – 2</p> <p>Bronze Award - 1</p>
	Hayleys Advantis Ltd	<p>Silver Award - 'B2B Brand of the Year' category at the 21st SLIM Brand Excellence Awards</p>
	Singer (Sri Lanka) PLC	<p>Was the winner- SLIM Kantar people's durable brand of the year at SLIM Kantar Peoples Awards 2023</p> <p>Was the winner- SLIM Kantar People's Brand of the year of the year at SLIM Kantar Peoples Awards 2023</p>
	Hayleys Fabric PLC	<p>Silver Award - Advancement of quality and productivity category at Green Productivity Award 2021</p>
	Dipped Products PLC	<p>Silver Award - "Top Ten Companies" at the CPM - Best Management Practices</p> <p>Merit Award - Manufacturing (Large Scale) at the Sri Lanka National Quality Award</p>
	 <b>Sustainability</b>	Hayleys PLC
Dipped Products PLC		<p>Silver Award - Rubber Based Products Industries Category at Presidential Environment Awards 2021/22</p>
Kelani Valley Plantations PLC		<p>Won the Energy Globe National Award 2022 for Rooftop Solar Projects and Steps Towards Carbon Neutrality in Austria</p>

## AWARDS AND RECOGNITION

	Talawakelle Tea Estates PLC	<p>Winner - Category of Asia at Hallbars Sustainability Reports Awards 2022</p> <p>Gold Award - Asia's Best Stakeholder Reporting and Silver Award - Asia's Best Materiality Reporting at Asia Sustainability Reporting Awards 2022 organised by CSR Works International</p> <p>Winner - Retail &amp; Trading at ACCA Sri Lanka Sustainability Reporting Awards 2022</p> <p>Was recognised as one of the 10 best Corporate Citizens at the Best Corporate Citizen Sustainability Awards 2022 by The Ceylon Chamber of Commerce. Further the Company was the winner in the categories of Corporate Environmental Commitment and in Agriculture Sector and became 1st Runner Up - less than 15bn turnover category.</p> <p>Silver Award by Somerset which was the highest Award for the sector and Merit Award by Radella under Plantation sector at the Presidential Environmental Awards 2021-22</p>
	Hayleys Fabric PLC	<p>Silver Award - Integrated AR &amp; CSR and Sustainability Report at Mercury Awards</p> <p>Most Sustainable Textile Industry in Sri Lanka 2022 and Best Textile Manufacturer in Sri Lanka 2022 at the International Business magazine awards 2022 (Dubai)</p> <p>Winner - Sustainability Impact Award Category at the International Quality Awards 2022 held in United Kingdom.</p>
	South Asia Textiles Limited	<p>Winner of the Best Sustainability Projects Award 2022 for THE MIDNIGHT - Eco Friendly fabric prints range produced by waste charcoal at the Best Corporate Citizen Sustainability Awards 2022</p>
 <b>Recognitions</b>	Kelani Valley Plantations PLC	<p>Recognised at the North American Tea Conference by Tea &amp; Herbal Association of Canada</p> <p>UN Volunteers 50 Country Awards- In Recognition of promoting the value of volunteerism through citizen engagement within the corporate sector in Sri Lanka.</p>
	Talawakelle Tea Estates PLC	<p>Ecosystem Restoration Project selected as Special Recognised Project In the North American Tea Conference.</p>

# GLOSSARY OF FINANCIAL TERMS

## Actuarial Gains and Losses

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## Available for Sale

Non derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

## Biological Asset

A living animal or plant

## Capital Employed

Shareholders' funds plus non-controlling interests and interest bearing borrowings.

## Capital Reserves

Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity available for distribution.

## Cash Equivalents

Liquid investments with original maturity periods of three months or less.

## Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

## Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

## Current Service Cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## Deferred Taxation

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

## Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

## Dividend Payout

Dividend per share as a percentage of the earnings per share.

## Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment.

## DPS

Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated by dividing the total dividends paid out by a business by the number of outstanding ordinary shares issued.

## EBIT

Earnings Before Interest and Tax.

## EBITDA

Earnings before interest expense, tax, depreciation and amortisation (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees, but excludes exchange gains or losses on its foreign currency denominated debt and cash.

## Effective Tax Rate

Income tax expense divided by profit before tax.

## EPS

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

## Equity

The value of an asset after all the liabilities or debts have been paid.

## Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## Fair Value Through Profit and Loss

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

## Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

## Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

## Financial Liability

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

## Gain on Bargain Purchase

The amount of the identifiable assets acquired and liabilities assumed exceeds the aggregate consideration transferred.

## GLOSSARY OF FINANCIAL TERMS

### Gearing

Proportion of total interest bearing borrowings to capital employed.

### Interest Cover

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

### Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

### Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

### Net Assets Per Share

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

### Non-controlling Interest

Equity in subsidiary not attributable, directly or indirectly, to a parent.

### Other comprehensive income

An entry that is generally found in the shareholders' equity section of the balance sheet.

### Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

### Related Parties

A person or entity that is related to the entity that is preparing its Financial Statements.

### Return on Capital employed

Profit before tax and net finance cost divided by average capital employed.

### Revenue Reserves

Reserves considered as being available for distributions and investments.

### Segments

Constituent business units grouped in terms of similarity of operations and location.

### SoRP

Statement of Recommended Practice.

### Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

### Working Capital

Capital required to finance day- to-day operations, computed as the excess of current assets over current liabilities.

### Surcharge Tax

Surcharge Tax has been calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, which exceeds Rs. 2.00 bn, for the year of assessment 2020/2021.

# INDEPENDENT LIMITED ASSURANCE REPORT



**KPMG**  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
Fax +94 - 11 244 5872  
+94 - 11 244 6058  
Internet [www.kpmg.com/lk](http://www.kpmg.com/lk)

We have been engaged by the Directors of Hayleys PLC (“the Company”) to provide limited assurance in respect of the Integrated Report for the year ended 31st March 2023 (the “Integrated Report”). The criteria used as a basis of reporting is the content elements of the International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework) as disclosed in this Integrated Report.

## Basis for Conclusion

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Company’s Integrated Report, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

## Our Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company’s strategy or how the

Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company’s strategy and how the Company creates value are outlined below.

## Limited Assurance Integrated Report

Based on the limited assurance procedures performed and evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Integrated Report, as defined above, for the year ended 31st March 2022, has not in all material respects, been prepared in accordance with the Content Elements of the IIRC’s International Integrated <IR> Framework.

## Board of Directors and Management’s responsibility

The Board of Directors and Management are responsible for:

- Determining that the criteria is appropriate to meet the needs of intended users, being the company’s members and any other intended users.
- Preparing and presenting of the Integrated Report in accordance with the criteria set out in the IIRC’s <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Ensuring the Company’s strategy is well presented in the Company’s Integrated Report and reflects how the Company creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;
- Identifying material issues and reflecting those in the Company’s Integrated Report; and
- Preparation and fair presentation of the Integrated reporting information;

design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.

- Informing us of any known and/or contentious issues relating to the Integrated Report.
- Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the Integrated Report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company’s operations.
- The responsibility also includes informing changes in the Company’s Operations since the date of our most recent assurance report on the Integrated reporting information.

## Our responsibility

Our responsibility is to perform an external assurance engagement in relation to the Integrated Report and to issue an assurance report that includes our conclusions.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

# INDEPENDENT LIMITED ASSURANCE REPORT

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Limited assurance on the Integrated Report

Our limited assurance engagement on the Integrated Report consisted of making enquiries, primarily of persons responsible for the preparation of the Integrated Report, and applying analytical and other procedures, as appropriate. These procedures included:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Integrated Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, approaches to putting members first, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Integrated Report and enquiring of management as to whether the description accurately reflects their understanding;

4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Integrated Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Integrated Report.
7. Reviewing the Integrated Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 19 May 2022 on the content of the Company's Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and 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. Accordingly, we do not express a reasonable assurance conclusion on the Integrated Report.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Company.

## Limitations of our review

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

## Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Integrated Report is prepared in accordance with the IIRC's International <IR> Framework and for no other purpose or in any other context.

## Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.



## Chartered Accountants

Colombo

19 May 2023

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
S. T. D. L. Perera FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA

T. J. S. Rajakarier FCA  
Ms. S.M.B. Jayasekara FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

W. J. C. Perera FCA  
W. K. D. C. Abeyrathne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyad FCMA (UK), FTII



# GRI CONTENT INDEX TOOL

<b>Statement of use</b>	Hayleys PLC has reported in accordance with the GRI Standards for the period from 1st April 2021 to 31st March 2022.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	[Titles of the applicable GRI Sector Standards]

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<b>General disclosures</b>						
<b>GRI 2: General Dis-closures 2021</b>	2-1 Organisational details	8	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organisation's sustainability reporting	8,446				
	2-3 Reporting period, frequency and contact point	8-9				
	2-4 Restatements of information	8				
	2-5 External assurance	459-460,8				
	2-6 Activities, value chain and other business relationships	12, 82-85				
	2-7 Employees	247,248				
	2-8 Workers who are not employees	247,248				
	2-9 Governance structure and composition	58				
	2-10 Nomination and selection of the highest governance body	63				
	2-11 Chair of the highest governance body	48				
	2-12 Role of the highest governance body in overseeing the management of impacts	71				
	2-13 Delegation of responsibility for managing impacts	71				
	2-14 Role of the highest governance body in sustainability reporting	71				
	2-15 Conflicts of interest	61				
	2-16 Communication of critical concerns	71				
	2-17 Collective knowledge of the highest governance body	63				
	2-18 Evaluation of the performance of the highest governance body	63				
	2-19 Remuneration policies	396				
	2-20 Process to determine remuneration	296				
	2-21 Annual total compensation ratio	72				

## GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	2-22 Statement on sustainable development strategy	39				
	2-23 Policy commitments	119				
	2-24 Embedding policy commitments	119				
	2-25 Processes to remediate negative impacts	70				
	2-26 Mechanisms for seeking advice and raising concerns	70				
	2-27 Compliance with laws and regulations	39				
	2-28 Membership associations	268				
	2-29 Approach to stakeholder engagement	86				
	2-30 Collective bargaining agreements	251				
<b>Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	93	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	96-97				
<b>Economic performance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	20				
	201-2 Financial implications and other risks and opportunities due to climate change	276				
	201-3 Defined benefit plan obligations and other retirement plans	333				
	201-4 Financial assistance received from government	-		Not applicable	The Group does not receive any financial benefit from the Government	
<b>Indirect economic impacts</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	262				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	262				
	203-2 Significant indirect economic impacts	22,33-35				
<b>Procurement practices</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	259				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	259				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<b>Tax</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	337				
GRI 207: Tax 2019	207-1 Approach to tax	337				
	207-2 Tax governance, control, and risk management	337				
	207-3 Stakeholder engagement and management of concerns related to tax	86				
	207-4 Country-by-country reporting	18				
<b>Materials</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	287				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	280				
	301-2 Recycled input materials used	280				
	301-3 Reclaimed products and their packaging materials			Not Relevant	Group does not use any reclaimed products and their packaging materials	
<b>Energy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	277				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation					
	302-2 Energy consumption outside of the organisation	277				
	302-3 Energy intensity	277				
	302-4 Reduction of energy consumption	277				
	302-5 Reductions in energy requirements of products and services	277				
<b>Water and effluents</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	278				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	278				
	303-2 Management of water discharge-related impacts	278				
	303-3 Water withdrawal	278				
	303-4 Water discharge	282				
	303-5 Water consumption		303-5 a,b,c,d	Information not available	The Group does not have the measures in place to capture water consumption	

## GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<b>Biodiversity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	282				
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	282				
	304-2 Significant impacts of activities, products and services on biodiversity	282				
	304-3 Habitats protected or restored	283				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	283				
<b>Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	247				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	274				
	305-2 Energy indirect (Scope 2) GHG emissions	274				
	305-3 Other indirect (Scope 3) GHG emissions	274				
	305-4 GHG emissions intensity	275,121-234				
	305-5 Reduction of GHG emissions	275,121-324				
	305-6 Emissions of ozone-depleting substances (ODS)		305-6 a,b,c,d	Information not available	The Group currently does not monitor these emissions	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7 a,b,c			
<b>Waste</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	281				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	281				
	306-2 Management of significant waste-related impacts	281				
	306-3 Waste generated	281				
	306-4 Waste diverted from disposal	281				
	306-5 Waste directed to disposal	281				

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
<b>Employment</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	247				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	247				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	247				
	401-3 Parental leave		401-3 a,b,c,d,e	Information not available	The Group currently does not monitor parental leave	
<b>Labour/management relations</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	251				
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	251				
<b>Occupational health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	253				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	253				
	403-2 Hazard identification, risk assessment, and incident investigation	253				
	403-3 Occupational health services	254				
	403-4 Worker participation, consultation, and communication on occupational health and safety	253				
	403-5 Worker training on occupational health and safety	254				
	403-6 Promotion of worker health	254				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	254				
	403-8 Workers covered by an occupational health and safety management system	254				
	403-9 Work-related injuries	254				
	403-10 Work-related ill health	254				
<b>Training and education</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	250				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	250				

## GRI CONTENT INDEX TOOL

Gri Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirement(S) Omitted	Reason	Explanation	
	404-2 Programs for upgrading employee skills and transition assistance programs	250				
	404-3 Percentage of employees receiving regular performance and career development reviews	250				
<b>Local communities</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	263				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	263				
	413-2 Operations with significant actual and potential negative impacts on local communities	263				
<b>Customer health and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	257				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	258				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	258				
<b>Marketing and labelling</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	258				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling					
	417-2 Incidents of non-compliance concerning product and service information and labelling	258				
	417-3 Incidents of non-compliance concerning marketing communications	258				

Topics in the applicable GRI Sector Standards determined as not material

Topic	Explanation
<b>[Title of GRI Sector Standard]</b>	
[Topic]	[Explanation]
[Topic]	[Explanation]

# CORPORATE INFORMATION

## Name of Company

Hayleys PLC  
(A public limited company, incorporated in Sri Lanka in 1952)

## Company Number

PQ 22

## Stock Exchange Listing

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

## Registered Office

Hayley Building,  
P.O. Box 70, 400, Deans Road,  
Colombo 10, Sri Lanka  
Telephone: (94-11) 2627000  
Facsimile: (94-11) 2699299  
Website: <http://www.hayleys.com>

## Directors

A M Pandithage - Chairman & Chief Executive  
K D D Perera - Co-Chairman (Non - Executive) - Resigned w.e.f 10.06.2022  
S C Ganegoda  
H S R Kariyawasan  
Dr. H Cabral, PC  
L R V Waidyaratne  
M H Jamaldeen  
M Y A Perera  
Mrs. J Dharmasena  
R J Karunarajah  
K D G Gunaratne  
Ms. A A K Amarasinghe (Alternate to K D D Perera) - ceased w.e.f 10.06.2022

## Group Management Committee

A M Pandithage - Chairman & Chief Executive  
S C Ganegoda  
H S R Kariyawasan  
L R V Waidyaratne  
Mrs. J Dharmasena  
Dr. W G R Rajadurai  
E R P Goonethilleke  
Mrs. D Talpahewa  
N R Ranatunge  
D W P N Dediwela  
H Prematillake  
M Wijewardene  
R J Karunarajah  
J A W M Jayasekara  
M M A R P Goonetilleke  
R H P Janadheera - Appointed w.e.f 01.01.2023  
T M Hewagama - Appointed w.e.f 31.01.2023  
Ng Soon Huat - Resigned w.e.f 18.01.2023  
C De Silva - Resigned w.e.f 10.02.2023

## Audit Committee

M Y A Perera - Chairman  
Dr H Cabral, PC  
M H Jamaldeen  
K D G Gunaratne

## Remuneration Committee

Dr H Cabral, PC - Chairman  
K D D Perera - Resigned w.e.f 10.06.2022  
M H Jamaldeen  
M Y A Perera  
K D G Gunaratne - Appointed w.e.f 21.04.2023

## Nomination Committee

A M Pandithage - Chairman  
K D D Perera - Resigned w.e.f 10.06.2022  
Dr H Cabral, PC  
M Y A Perera - Appointed w.e.f 21.04.2023

## Related Party Transaction Review Committee

Dr H Cabral, PC - Chairman  
S C Ganegoda  
M Y A Perera

## Secretaries

Hayleys Group Services (Private) Limited  
400, Deans Road, Colombo 10, Sri Lanka  
Telephone: (94-11)2627650  
E-mail: [info.sec@hayleys.com](mailto:info.sec@hayleys.com)

Please direct any queries about the administration of shareholdings to the Company Secretaries

## Investor Relations

Please contact Strategic Business Development Unit  
Telephone: (94-11)2627662  
E-mail: [lasantha.somarathne@sbdu.hayleys.com](mailto:lasantha.somarathne@sbdu.hayleys.com)

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE SEVENTY SECOND ANNUAL GENERAL MEETING OF HAYLEYS PLC will be held on Friday, 30th June 2023 at 1.30 p.m. at the Conference Hall of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. K.D.G. Gunaratne, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
3. To re-elect as a Director Mr. M.H. Jamaldeen, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
4. To re-elect as a Director Ms. J. Dharmasena, who retires by rotation at the Annual General Meeting in terms of Article 29(1) of the Articles of Association of the Company.
5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A.M. Pandithage in terms of Section 211 of the Companies Act No. 07 of 2007.

## Ordinary Resolution

'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy two years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him'.

6. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration.
8. To consider and if thought fit, to pass the following Special Resolutions to amend the existing articles in the Articles of Association of the Company, in order to be in line with the model articles provided in Schedule 1 of the Companies Act No 7 of 2007:

## Special Resolution (1)

That the existing Article 15 be deleted in its entirety and be substituted with the following Article 15;

### “Article 15 - Method of Holding General Meetings

A meeting of shareholders may be held either;

- a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- b) by means of audio or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.”

## Special Resolution (2)

That Article 16 (2) be amended as follows;

“16 (2) A quorum for a meeting of shareholders is present if three (03) shareholders are present in person or through audio visual communication, by themselves or by their proxy.”



### Special Resolution (3)

That Article 18 (1) be amended as follows:

- “18(1) (a) In the case of a meeting of shareholders held under paragraph (a) of Article 15, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods as determined by the chairperson of the meeting -
- i. voting by voice ; or
  - ii. voting by a show of hands
- (b) In the case of a meeting of shareholders held under paragraph (b) of article 15, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice or by any electronic means.”

By Order of the Board,

**HAYLEYS PLC**



**HAYLEYS GROUP SERVICES (PRIVATE) LIMITED**

Secretaries

Colombo.

5th June 2023

### Notes to shareholders:

1. The Annual Report of the Company for 2022/23 is available on the corporate website <https://www.hayleys.com/investor-relation> and on the Colombo Stock Exchange website - [www.cse.lk](http://www.cse.lk).
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. **For your reference, the existing Articles are available in the Colombo Stock Exchange website - [www.cse.lk](http://www.cse.lk).**
4. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request Form - Annexure A' to the office of the Secretaries.





## NOTES

A series of horizontal dotted lines for writing notes.

# FORM OF PROXY

I/We\* ..... (full name of shareholder\*\*)

NIC No./Reg. No. of Shareholder (\*\*) .....

of .....

being Shareholder/Shareholders\* of HAYLEYS PLC hereby appoint,

1. .... (full name of proxyholder\*\*)

NIC No. of Proxyholder (\*\*) .....

of ..... or failing him/her

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our Proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Seventy Second Annual General Meeting of the Company to be held on Friday, 30th June 2023 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	<b>For</b>	<b>Against</b>
1. To adopt the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. K. D. G. Gunaratne, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. M. H. Jamaldeen, as set out in the Notice	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Ms. J. Dharmasena, as set out in the Notice	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2023/24 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To pass the Special Resolution to amend the Articles of Association of the Company as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (1)	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (2)	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution (3)	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this ..... day of ..... 2023.

.....  
Signature of Shareholder

## FORM OF PROXY

### INSTRUCTIONS AS TO COMPLETION :

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. Delayed Proxy Forms shall not be accepted.
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Proxy Form must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.

# INVESTOR FEEDBACK FORM

To request information or submit a comment / query to the Company, please complete the following and return this page to -

Strategic Business Development Unit  
Hayleys PLC  
P.O Box 70 , No.400, Deans Road, Colombo 10, Sri Lanka.

Telephone : (94 -11)262 7662  
E-mail : lasantha.somaratne@sbdu.hayleys.com

Name :

Permanent Mailing Address : .....

Contact Numbers - (Tel) : .....  
County Code Area Code Number

- (Fax) : .....  
County Code Area Code Number

E-mail : .....

Name of Company (If Applicable) : .....

Designation (If Applicable) : .....

Company Address (If Applicable) : .....

Queries / Comments :

